

JPRS 75341

20 March 1980

Latin America Report

No. 2124



FOREIGN BROADCAST INFORMATION SERVICE

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LATIN AMERICA REPORT

No. 2124

CONTENTS	PAGE
INTER-AMERICAN AFFAIRS	
Venezuelan Support of Salvadoran Junta Criticized (German Lairet; BOHEMIA, 11-17 Feb 80)	1
Mexican Technology Offered to Costa Rica (EL SOL DE MEXICO, 7 Feb 80)	3
Mexican Oil for Colombian Coal Negotiated (EL SOL DE MEXICO, 7 Feb 80)	4
Briefs	
Salvadorans to Honduras	5
Nicaraguan Ambassador to Costa Rica	5
Salto Grande Turbine	5
ARGENTINA	
President Videla Outlines Political Dialog (Buenos Aires Domestic Service, 7 Mar 80)	6
Noted Columnist Views Political Dialog, Relations With U.S. (LA NACION, 24 Feb 80)	10
Stronger Links With UK To Benefit Various Sectors (Editorial; LA NACION, 22 Feb 80)	16
Cacciatore Speaks to Reporters on FRG Visit (CLARIN, 19 Feb 80)	18
'LA PRENSA' Strongly Objects to Government Newsprint Ruling (Editorial; LA PRENSA, 3 Feb 80)	19
Nation Seeks To Shore Up LAFTA's Weakened Structure (LA NACION, 7 Feb 80)	21

CONTENTS (Continued)	Page
Cost of Living Index Rose 7.2 Percent (LA PRENSA, 8 Feb 80)	23
INDEC Issues Report on Economic Prospects for 1980 (LA NACION, 1 Feb 80)	25
Provinces Report on 1979-80 Wheat Harvest Yield (LA NACION, 15 Feb 80)	27
Grain Board Official Cites Possible Effects on Wheat Trade (Jose Maria Gogna Interview; LA NACION, 23 Feb 80) .	28
International Events Seen Favorable to Grain Sector (LA NACION, 23 Feb 80)	31
Government Focuses on Problems in Textile Industry (LA NACION, 1 Feb 80)	33
Missile Production To Be Intensified (LA OPINION, 14 Feb 80)	35
Brunella Announces Geothermal Exploration Plans (LA PRENSA, 13 Feb 80)	37
Government Petroleum Deposits Launches New Ship (LA PRENSA, 4 Feb 80)	41
Salto Grande Commission Studies Erosion Reports (LA NACION, 7 Feb 80)	43
River Fleet To Be Turned Over to Private Sector (LA NACION, 8 Feb 80)	44
Auto Production Figures Register Drop (LA NACION, 2 Feb 80)	45
Briefs	
Atucha II Is 'National Interest'	46
Drought Damage	46
BAHAMAS	
Pindling Unveils More of Land Policy (THE TRIBUNE, 29 Feb 80)	47

CONTENTS (Continued)

Page

BRAZIL

Galveas Views Inflation; Relationship With Netto, Figueiredo (Ernane Galveas Interview; MANCHETE, 2 Feb 80).....	49
Figueiredo Approves 1980 Budgets for State Enterprises (O ESTADO DE SAO PAULO, 7 Feb 80)	55
Foreign Minister Views Accord With FRG, U.S. Pressures (Ramiro Saraiva Guerreiro Interview; O ESTADO DE SAO PAULO, 2 Mar 80)	64
Relations With Saudi Arabia Stressed (O ESTADO DE SAO PAULO, 29 Feb 80)	69
BRASPETRO Delegation To Negotiate Risk Contract in PRC (Various sources, 4, 6 Feb 80)	71
Trade Prospects Considered Significant Trade Official Proposal	
Cavalcanti States Itaipu To Be Completed in 1987 (Paulo Andreoli; O ESTADO DE SAO PAULO, 31 Jan 80) .	73
Verolme Expects Record Ship Production in 1980 (O GLOBO, 24 Jan 80)	75
Briefs Zimbabwe Prime Minister Greeted	77

COSTA RICA

House President Interviewed on Presidential Ambitions (Ramon Aguilar Facio Interview; LA REPUBLICA, 6 Feb 80)	78
Communist Leader Discusses Role of His Party (Manuel Mora Valverde Interview; LA REPUBLICA, 30 Jan 80)	83
Radio Hits Carazo for Advancing Communists (Radio Reloj, 10 Mar 80)	88
Energy Ministry Set Up, Minister Installed (LA NACION, 6 Feb 80)	89
Central Bank Abandons 1978 Reforms (LA NACION, 2 Feb 80)	91

CONTENTS (Continued)

Page

CUBA

Serious Problems Affect Military Industrial Units (P. E. Cabrera; VERDE OLIVO, 17 Feb 80)	94
Civil Defense Organization Reviews Activities (P. E. Cabrera; VERDE OLIVO, 17 Feb 80)	99
Military Discipline Theme at Western Army Meeting (Juvenal Balan; VERDE OLIVO, 17 Feb 80)	101
National Police React to Economic Crimes: Case History (Teresa Valdes, Orlando Vazquez; BOHEMIA, 1 Feb 80).	103
Clerks, Managers Indicted for Retail Abuse (Giordano Boudet; TRABAJADORES, 17 Jan 80)	111
Violations of Work Standards Damage National Economy (TRABAJADORES, 12 Jan 80)	113
Worker Discipline, Unexcused Absences, Violations Studied (TRABAJADORES, 10 Jan 80)	115
Material Incentive Bonus Applied to Agriculture (Edith Martin; TRABAJADORES, 10 Jan 80)	116
Young Peasants Complain About Poor Recreation Facilities (Chongo Leiva, Cornelio Batista; ANAP, Oct 79)	118
Briefs	
FAR Political Work	122
Contents of 'EL OFICIAL,' 'RTM'	122
Military Science Degrees	123
'PRELA' Correspondent Promoted	123

DOMINICA

Briefs	
DLMA Rejects U.S. Company	124

DOMINICAN REPUBLIC

Sugar Industry Assesses Market Amid Strike Perils (Various sources, various dates)	125
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CONTENTS (Continued)

Page

CEA Sales, by Jose Romero
 Loss, Irresponsibility Claims
 Dismissals Follow Strikes, by Hugo A. Ysalguez
 Student Protesters Arrested
 CEA Director, Union Leaders Meet, by Manuel Torres
 March Prohibited

ECUADOR

Energy Minister Discusses Cutback of Oil Exports
 (EL COMERCIO, 9 Feb 80) 135

Off-Shore Oil Exploration Contract Signed, Work Begins
 (EL COMERCIO, 13 Feb 80) 141

Briefs
 Exploratory Well 142

EL SALVADOR

San Salvador Mayor Discusses Current Situation
 (Julio Adolfo Rey Prendes; LA PRENSA GRAFICA,
 11 Feb 80) 143

'EL INDEPENDIENTE' Reports on Agrarian Reform
 (EL INDEPENDIENTE, 7, 8 Mar 80) 154

Reform Law Announced, by Alfredo Parada
 Paper Lauds Reform, Editorial

Briefs
 'EL INDEPENDIENTE' Rejects Self-Censorship 158

GUATEMALA

Station Derides Persons Inciting Peasants to Violence
 (Guatemala City Radio Mundial, 28 Feb 80) 159

Briefs
 Bank Credit to Farmers 161

HONDURAS

Commentary Hits Subversives for Promoting Violence
 (Tegucigalpa Domestic Service, 10 Mar 80) 162

FESITRANH Head Calls for Banana Investigation
 (LA PRENSA, 25 Jan 80) 164

CONTENTS (Continued)	Page
Briefs	
Financial Agreement With IFAD	166
FECESITLIH Head Concerned	166
MEXICO	
PEMEX Seeks Partnerships With Foreign Firms (Arturo de Aquino; EL SOL DE MEXICO, 5 Feb 80)	167
PEMEX: Petroleum Fields Could Be Doubled Soon (Sara Lovera; EL DIA, 6 Feb 80)	169
Nuclear Future Depends on Petroleum (Arturo de Aquino; EL SOL DE MEXICO, 7 Feb 80)	172
NICARAGUA	
Borge Discusses His Life, Future of Revolution (Tomas Borge Interview; JUVENTUD REBELDE, 10 Feb 80)	173
Interior Minister Borge Interviewed by FRG Journal (Tomas Borge Interview; DER SPIEGEL, 18 Feb 80)	178
Role of Christians in Revolution Discussed (BARRICADA, 9, 23 Feb 80)	185
Prophets, Support of People Clergy Support Salvadoran Struggle	
Workers Front Accused of Demagogy, Opportunism (BARRICADA, 3 Feb 80)	188
Pedro Chamorro Discusses Press Freedom (Pedro Chamorro; LA PRENSA, 2 Feb 80)	191
'Revolution,' 'Change of Government' Differentiated (Editorial; BARRICADA, 5 Feb 80)	193
Defense for 'EL PUEBLO' Scored (Carmen Sanchez; BARRICADA, 30 Jan 80)	196
Background on Invalidity of Barcenas Meneses-Esguerra Treaty (Miguel D'Escoto Brockmann; LA PRENSA, various dates)	198
Defense Minister Speaks to Peoples Army (BARRICADA, 2 Mar 80)	209

CONTENTS (Continued)	Page
Nicaraguan Sandinist Workers Federation on Counterrevolution (BARRICADA, 2 Mar 80)	212
Businessmen Demand Respect for Private Property (LA PRENSA, 2 Mar 80)	214
Grocers, 'LA PRENSA' Criticize Government (Horacio Ruiz; AFP, 9 Mar 80)	216
Briefs Economic Sabotage Warning	218
PANAMA	
Communist Official Comments on Party Congress (UNIDAD, 1-15 Feb 80)	219
Commerce Ministry To Issue Business Licenses in Canal Area (Eva E. Montilla; LA REPUBLICA, 5 Mar 80)	221
Businessmen Score Journalists Repression (LA ESTRELLA DE PANAMA, 8 Mar 80)	222
Journalists Union Protests Repression of Journalists (LA REPUBLICA, 9 Mar 80)	223
Briefs Yugoslav Refrigerator Ship	224
VENEZUELA	
'Carlos' Remains Elusive on Herrera's Mideast Trip (Coromoto Alvarez; ULTIMAS NOTICIAS, 12 Feb 80)	225
Celli Declares Candidacy in AD Secretary General Race (RESUMEN, 17 Feb 80)	227
Agrarian Reform Called Fraud, Latifundios Continue (Teodoro Petkoff; RESUMEN, 17 Feb 80)	229
Expert Criticizes Formulation of Oil Policy (EL UNIVERSAL, 15 Feb 80)	232
Briefs PDVSA 1980 Investment	236
Upgrading Heavy Crude	236

INTER-AMERICAN AFFAIRS

VENEZUELAN SUPPORT OF SALVADORAN JUNTA CRITICIZED

Caracas BOHEMIA in Spanish 11-17 Feb 80 p 19

[Article by German Lairret: "COPEI-ian Diplomacy"]

[Text] The COPEI [Social Christian Party] and its government are confusing their special and sectorial interests with Venezuela's foreign policy, at least with respect to some areas of the continent.

El Salvador is one of those areas. A military junta replaced Romero's dictatorial government in a vain attempt to swindle the people out of their victory.

The new junta quickly disintegrated when its civilian members and the cabinet resigned en masse, claiming the indisputable predominance of the military sector in the government and the continued repression of the people.

At that point, the Salvadoran Christian Democratic Party decided to join the government and shore up the military regime. Nothing has changed since then. Repression of the popular movement has continued, as has the traditional oligarchy's grip on El Salvador.

Meanwhile, the popular resistance and rebellion are spreading, incorporating the most diverse sectors into the struggle against a junta that in no way represents the democratic will of the Salvadorans.

The presence of the Christian democrats in the new government is inducing all of the world's Social Christian Parties to express their solidarity with the spurious government. That is not our concern, although it is a highly questionable matter, especially when the social Christians talk so much of their respect for democracy.

What is our concern is the manner in which the COPEI-ians are using the government in Venezuela to prop up the Salvadoran junta and create for it an international underpinning which it presently lacks.

Thus, the Venezuelan government, through Hilarion Cardozo, our ambassador to the OAS, is trying to involve the Andean Pact nations in this operation in favor of the Salvadoran junta and against the Salvadoran insurgents.

The president himself is using the forum of the Christian Democratic Youth of America to denounce a so-called "Marxist subversion" in El Salvador, resorting to the worst terms used during the cold war, and to the same epithets used only a few months ago against the Sandinists by Somoza when he was trying to line up United States support for himself and to isolate the Nicaraguan rebels.

It is strange that the Latin American COPEI-ians should be using the same language used by every dictator when he sees his dominance endangered, calling the rebels "extremists" or "Marxists" in an attempt to undermine their support, when it is known that El Salvador has long suffered from dictatorship, that the Christian democrats themselves were among the victims of that dictatorship, and that no one can explain, except for reasons of the basest pragmatism, the fact that they are now lining up in political support of this military junta.

In El Salvador, as at one time in Nicaragua, a war is in progress, the responsibility for which lies with those who are seeking to perpetuate themselves in power. The rebellion includes the most diverse sectors, and this is clear from a reading of the statement signed in Costa Rica by the International Social Democracy calling for solidarity with the Salvadoran people and condemning the support being given by the Andean Pact countries to the current Salvadoran regime.

And this call is signed by all--from the Nicaraguan Sandinist Front to the Venezuelan Democratic Action and a substantial group of democratic parties throughout the continent--who are totally alien to extremist positions.

In postulating as Venezuela's position one that is in accordance not with the nations highest interests but rather with the special interests of the governing party, and in rallying to the support of a military junta that is but the perpetuation of an existing dictatorial government, no matter how it tries to hide behind the social Christian presence in the new government, the Venezuelan government is, in this case, taking a wrong turn.

9238

CSO: 3010

MEXICAN TECHNOLOGY OFFERED TO COSTA RICA

Mexico City EL SOL DE MEXICO in Spanish 7 Feb 80 p 4-B

[Text] Mexican technicians will cooperate with their Costa Rican counterparts in the search for oil in that country, reported the Mexican Petroleum Institute, noting that Mexico already provides technical advice in this field to various nations, such as Vietnam, China and Venezuela, among others.

A delegation of Mexican technicians will leave for Costa Rica late this month or early in March to begin exploration programs in that country, reported the petroleum institute.

This technical advice is part of agreements made between authorities of both countries and will be a step in the improvement of relations before President Jose Lopez Portillo visits Costa Rica in the coming months.

In accordance with the negotiations, it was mentioned that Mexico might possibly supply significant amounts of crude oil to the Central American nation this year, partially alleviating its need to import hydrocarbons.

The Mexican Petroleum Institute reported that technicians from that agency will travel to Costa Rica to advise their experts on locating oil-bearing rock strata.

Sources indicated that, based on the institute's studies of the possible existence of oil in the Latin American area, it has been claimed that not only Mexico, but also other nations in the region have been blessed by nature.

On the other hand, the IMP said that this is not the first time the institute has provided technical assistance to other countries on matters concerning the oil industry.

On previous occasions, it explained, these kinds of efforts have been channeled toward other points such as Vietnam, China, Venezuela, Ecuador and various countries, especially the Latin American nations.

In fact, officials emphasized, there is even an agency in the field of technical assistance in Latin America called ARPEL [Latin American Petroleum Industry Mutual Aid Association], through which the Latin American nations exchange experiences in the line of hydrocarbons.

8631

CSO: 3010

INTER-AMERICAN AFFAIRS

MEXICAN OIL FOR COLOMBIAN COAL NEGOTIATED

Mexico City EL SOL DE MEXICO in Spanish 7 Feb 80 p 1-B, 4-B

[Text] Bogota, 6 February (AP).- Colombia and Mexico have begun negotiations on a deal to trade coal for oil, reported the president's press office.

Authorities are contemplating an exchange of 40,000 barrels of Mexican oil a day for 500,000 to 600,000 tons of Colombian coking coal a year.

Special ambassador Alfonso Bejarano reported that the matter is being studied by delegations from both countries.

The Mexican delegation, headed by engineer Fernando Iriat Valderrama, visited Bogota recently to promote the negotiations.

Colombia has the largest coal reserves in Latin America--estimated at 40 billion tons--while Mexico is the second largest producer of oil after Venezuela.

The exchange of coal for oil would favor both countries.

Colombia imports about 50,000 barrels of oil a day, while Mexico needs coking coal for its steel mills and coal for heating and other purposes.

Sources said that Colombia would begin to supply the coking coal to Mexico immediately, while the rest of the coal would be shipped beginning in 1985 when the "El Cerrejon" mine on the Guajira peninsula goes into production.

Colombia would begin to import Mexican oil next year.

San Jose, 6 February (AP).-- Costa Rica is seeking to sign a treaty that would allow it to export a greater number of products to Mexico, announced Foreign Relations Minister Rafael Angel Calderon, referring to Mexican President Jose Lopez Portillo's forthcoming visit to this country.

The Mexican leader has accepted the invitation of Costa Rican President Rodrigo Carazo, informing him that he will make the visit next July, although the date and other details remain to be worked out through the Mexican Foreign Ministry.

BRIEFS

SALVADORANS TO HONDURAS--Migration authorities said that they were not officially aware of the massive influx of Salvadorans through the El Poy customs office. They also stated that the reopening of this office would be decided by the chief of the western military region. This statement was issued by Sergio Flores Toscano, deputy director for Population and Migratory Policy, who intimated that his department had no jurisdiction over the reopening of customs offices which are under Migration, particularly as regards El Poy. Flores Toscano said that the report issued by one of the communications media on the subject of the massive influx of Salvadorans through the above-mentioned customs office could be the result of the internal situation now prevailing in the neighboring country. It was learned later that Migration has no jurisdiction in matters relating to land customs offices in the west, as these offices, since the establishment of the military regions, have been under the almost "absolute" authority of the latter. This notwithstanding, Migration authorities said that it was possible that at the "colonels" level there could be study of the prompt reopening of the El Poy customs office, as there are plans to build a public building, similar to the one now operating in El Amatillo. [Text] [Tegucigalpa EL CRONISTA in Spanish 23 Jan 80 pp 1,7] 8143

NICARAGUAN AMBASSADOR TO COSTA RICA--Nicaraguan Ambassador Francisco Javier Chamorro Mora has presented his credentials to President Rodrigo Carazo and Foreign Minister Rafael Angel Calderon Fournier. He is thus the first ambassador to present credentials at the new presidential office at El Zapote. [PA081832 San Jose Radio Reloj in Spanish 1200 GMT 5 Mar 80 PA]

SALTO GRANDE TURBINE--Concordia (TELAM)--The third turbine of the Argentine-Uruguayan Salto Grande hydroelectric project was started up during a ceremony presided over by the Argentine and Uruguayan economy ministers, Jose Alfredo Martinez de Hoz and Valentin Arizmendi. The new turbine adds 135,000 KW to the power generated by the Salto Grande Dam. [PY272146 Buenos Aires LA NACION in Spanish 27 Feb 80 p 8 PY]

ARGENTINA

PRESIDENT VIDELA OUTLINES POLITICAL DIALOG

PY070138 Buenos Aires Domestic Service in Spanish 0000 GMT 7 Mar 80 PY

[Text] A new historical cycle in the republic started on 24 March 1976. A long phase of frustrations and failures, with responsibilities shared by all the sectors of the country, has been left behind, irrevocably canceled.

The most noticeable signs of this period were, as everybody well knows, the improvisations, the demagogic exaggerations, the lack of clear ideas and above all the absence of fundamental bases for a common and lasting task of governors and governed. In the face of that definite crisis of a system and in view of the exhaustion of its capacity to respond to the serious problems which arose, the armed forces took over the government.

The armed forces did this in order to fill a political vacuum, to prevent the loss of the essential values of our way of life and to avoid the virtual disintegration of the country. It also took over the government for a no less important task--that of creating a starting point for the national reorganization. This starting point will allow, after so many unsuccessful attempts, the creation of a coexistence scheme in which institutions will be accepted as legitimate and efficient because of their capacity to function independently from the government officials and because of their flexibility to assimilate all the changes which take place and adapt to them without disturbances or violence.

All this, of course, will be provided with a philosophical and moral content which will necessarily include the values of freedom, human dignity, the productive pluralism of ideas and beliefs, social justice and overall welfare in the harmonious development of our human and material resources. These genuine aspirations will only be fulfilled by the practice of an authentic democracy. The transition to democracy, as a fundamental and unrenounceable objective of the process, has imposed and will impose priority steps without which everything could boil down to a new failure or indefinitely continue to indulge in immobility.

We must look at it this way: In the face of simplistic or hasty conclusions we can wield reality as it is, with its indisputable data. This reality

demands comprehension, rationality and prudence for its gradual and genuine transformation.

At a given time, reality forced us to untiringly struggle against terrorist violence in order to bring peace and security to our people, to bring order where there was complete chaos, to create positive conditions for the re-activation of the economy and to assert our sovereign presence in the international community.

After 4 fruitful and decisive years, with incontrovertible achievements in all spheres, we now enter the long-awaited time for creativity and basic political and institutional achievements, because--and here I voice my own convictions--to live without politics, subordinated to the mere flow of events, means to go, exclusively, adrift without ideas or principles, relying entirely on authority, which will fatally lead to authoritarianism.

As was appropriately said, the time has come for the most significant and also the most difficult and delicate achievements of the process. We are now facing a situation practically unknown in our history and therefore unprecedented. It is important to remember that we arrived at this stage after a hard and dramatic struggle which has had its heroes and martyrs.

[PY070145] Our victory over the terrorist aggression is a heritage which should make all Argentines proud and which, therefore, should not be questioned or undermined. It also marks both the end and the point of no return of a painful experience which put our national will to the test and proved our calling as free men.

From now on, we must all find together permanent solutions by observing truly sincere attitudes to once and for all overcome selfishness and meanness. The historic time has come to outline with courage and imagination new essential formulas or coexistence.

Without overlooking the support--either positive or negative--that we can find in our past, today we must reorganize the republic so that it may act and project itself in accordance with the needs posed by a time of profound changes and transformations. This is the only intention that has inspired the political guidelines for the process of national reorganization.

Such a noble, inalienable task levies serious responsibilities on all those who participate in it, who will have to fully assume their share of responsibility in a joint sustained effort toward achieving the set goals. The armed forces had all this in mind in preparing the document, which is known to all Argentines.

The document outlines a clear proposal designed to delineate the future country we want: A model country, which would not just be the result of an idea but of what we regard as the aspirations shared by the entire nation in terms of a real democracy and national solidarity.

All that this model represents will be openly compared with the viewpoints of the various spokesmen to be called to participate in a fruitful dialog. As is obviously foreseeable, this proposal will elicit support, criticism and even disagreement, to which the armed forces will be receptive in the awareness that these ideas will contribute to improving the proposal. The ideas expressed by each spokesman will also be made public, so that the people may know about the support and disagreement elicited by the proposal and can make comparisons so as to have a broad outlook on the opinions involved.

Therefore, the dialog we are determined to hold to promote great basic agreements entails a highly significant commitment on our path toward the nation's institutional normalization. Thus, although from the very beginning of our administration we have been talking with all sectors, an organizationally organized dialog will have absolute priority from now on. Focusing on the dynamic aspect of this task, dialog naturally involves two parties; one--of course, and in the name of the armed forces--is the government; the other, the people who, based on their merits and representativity, truly convey the thinking of the various sectors and trends of opinion.

The national executive branch, as the executor of the actions stemming from the armed forces political guidelines, will call as soon as possible--through the Interior Ministry--on those who will participate in the dialog. As we have said time and again, there will be exclusions. Excluded from the dialog will be the corrupt and the subversive and those who follow ideologies that are not in keeping with our national way of life.

[PY070207] Those who decide to abstain, for whatever reason, will be responsible for the consequences of their attitude and will have to answer to history for remaining aloof at such a crucial moment.

It is possible that some will be omitted in the call for dialog. Should this happen it would be exclusively due to lack of time or for practical reasons. The same can be applied to the order in which the invitations will be issued. But what really matters, over and above any normal considerations, is to cover the broadest possible range of Argentine activities and especially to discuss our future with good will and important goals in mind. This is our foremost and unquestionable desire at this decisive and unique moment in the life of our country.

We will begin our dialog by dealing with organizational matters because due to their significance and impact they require a solid, in-depth debate capable of forestalling haste or superficial interpretations and of shaping the framework of the future Argentina.

At a later stage, when the agreements necessary to provide a framework for the future of the nation have been arranged, we will begin to exchange ideas on aspects of the implementation. These aspects will include, among other issues, the basic rules for the operation of political parties, whose

leading role in the implementation of a true democracy we have repeatedly stressed. This does not mean that we will postpone the discussion of those current affairs which due to their significance could endanger the development of the nation's potential.

Finally, I would like to emphasize that essential aspects of the opinions and viewpoints which will be voiced during the development of the dialog will be disclosed to public opinion, which will thus be permanently informed about the development and results of the talks.

Let it be clear, therefore, that we will have to travel a long way, full of confrontations, which will undoubtedly help strengthen the political grassroots by means of an in-depth debate on national problems in which all the citizenry will participate. It is also necessary to point out that in exchanging ideas and opinions, in expressing agreement or disagreement, in contributing new and positive ideas, we will find the necessary consensus which will lead to the unity of all Argentines. This unity means agreement on the objectives which will delineate the country we want to build, and also means a variety of lines of thought to draw up the policies required to attain these objectives. Only if this is attained will it be possible to restore political activities and to gradually open access to government administration.

Fellow citizens: The process of national reorganization whose strength is based on the indestructible unity of the armed forces and on the conviction that its ideas reflect the desires of the Argentine people will carry out the goals it has set for itself to the last consequences. This strength, this belief in a destiny, is the basis for the great objectives attained and the ones which still remain to be fulfilled. Thus, no hindrance or difficulty, regardless of its magnitude, whether domestic or foreign, will be able to divert or thwart the process of national reorganization.

Today, on the strength of our unwavering will, our moral authority and our unselfishness, we call upon the country--in another act of patriotic service--to carry out a supreme task which has no room for deserters and which means the creation of a vigorous and refurbished pluralist democracy. Every generation has a full-fledged role to play in this effort, especially the youth who are, of course, the future but who right now are part of the dynamic and creative present.

The national government has raised its voice to call for the active participation of all the citizenry in this dialog which now begins. It has done this convinced that the implementation of this common task will provide a solid foundation for the great and united Argentina which we all desire. May this be the will of God our Lord.

NOTED COLUMNIST VIEWS POLITICAL DIALOG, RELATIONS WITH U.S.

Buenos Aires LA NACION in Spanish 24 Feb 80 pp 8, 14

[Article: "Moderating the Expectations"]

[Text] Secrets?

Thus far, the notion that the Casa Rosada has managed to keep the manner in which it will start implementing the policy of dialog devised by the Military Junta discreetly confidential has been rather well accepted. There has been even greater secrecy than is usual in such cases regarding what President Videla will have to say about the dialog in his next speech, in March. But, if both matters are studied a little more carefully, observers may wonder whether the Casa Rosada actually has any secret to keep.

For the present, there have been indications this week, perhaps the first in 4 years, that some of the politicians most closely linked with the Casa Rosada are not satisfied with what is going on there, because of what they consider a vacillating situation.

Not only has there been no decision concerning the methodology to be pursued in the talks between the minister of interior (the government's political minister) and the political personages who are to be summoned; but it has not been decided exactly with whom the dialog will be held, either. The policy that no discussion will be held with those who are "corrupt" and "subversive" is overly ambiguous, and does not suffice to answer this question. No one in his right mind would expect confirmation as to whether or not Firmenich will enter the Casa Rosada. But will Mr Deolindo Bittel, who is officially the top-ranking authority of the Justicialist Party at liberty, enter?

The Parties As Organizations

The political party system in Argentina is lacking in vitality: this is a fact. But it would appear that the government has somewhat underestimated the size of the political forces which are in a position to start a dialog such as the one that has been announced. And this may be one of its present difficulties.

In its statement to be released within the next few days, the Radical Civic Union will confirm to the public what the minister of interior has already learned from the leaders with whom he dined 10 days ago: There can be no possible official dialog with the Radicals except through their legitimate authorities. It has been the government's policy to place individuals ahead of parties, and it is probably a plausible ideal; but political experience has taught that things happen differently in this world of pain. It is possible that a considerable number of Radicals would be ready to differ with the present party leadership, but there would be infinitely fewer who would agree to act apart from a decision made by the party in confrontation with the government. And this holds true for other parties.

Furthermore, one organization is being confronted by another and, in the official realm, from what can be perceived among the political circles closest to it, there is not yet a clearcut notion regarding the identity of the forces and leaders whose presence in a movement of national opinion should be fostered by the government itself. But this is a point on which there must be a clarification of ideas not only in the head of the president but in the Armed Forces as well. It should be recalled that one of the attacks made by General Menendez when he rebelled was aimed against the policy of creating a civic movement to accompany the process.

The Faits Accomplis

The government will have to act intelligently so as not to be a victim of the expectations that it has helped to create regarding the opening of the dialog. Toward the end of the year, before the "bases" issued by the Military Junta were announced, we said that nothing extraordinary should be expected from this. That opinion still stands. On the one hand, the political groups themselves are not in a position of strength sufficient to correct the government's leadership or to hasten the process; and, on the other, all the great current issues which will necessarily be omitted from the discussion table are vastly more important, as a whole, than what may be discussed between the minister of interior and the political leaders.

Therefore, the Radicals make an accurate point, from their own perspective, to be sure, when they say that the dialog cannot serve to "notify us of faits accomplis." But there is a dilemma involved for which there is no apparent solution, because historic changes have been made, or are in the process of being made, without the parties' participation, in the direction of policies associated with trade unions, social services, finance, tariffs and industrial reconversion; and, added to all this, and other matters of considerable magnitude, the designation, for the third time, of a president of the nation, through an act unilaterally decided upon by the Armed Forces. Hence, confronted by that abundant expression of a government policy, the issue of the future statute on the parties, although significant per se, is not much of a subject for opening a dialog with the politicians. But, on the other hand, what could the government do if the Armed Forces, whose

agent it is, do not have the slightest intention of retracing their steps on the path that has been traversed in so many vital issues?

In any event, it will be an exercise in prudence for the government to moderate the expectations concerning the dialog. A first step would be for the president to discuss this policy in the speech which he will have to deliver at the end of March on the occasion of the start of his fifth year of government; in other words, he should give up the idea of a special message to the citizenry during the first half of March.

Secondly, it would be a sign of good judgment to discourage the rumors that exist regarding the preparation of lists of individuals with whom the government proposes to converse. Even though a thousand names might be entered on those lists (and a thousand is an exaggeration), among the number of those who will necessarily be omitted there will be many who will feel gratuitously offended. Furthermore, there is no assurance that a citizen with whom the government is in a position to converse today will not be in a different situation next week, and vice versa.

A thwarted expectation in this respect could be a serious political incident, and the government should consider it such.

A Little of Everything

With this as a starting point, a commentary on national politics could go into detail by examining, for example, facts such as the following:

1. The day after tomorrow, the definitive stay of proceedings relating to Mrs Peron in the suit for alleged donations from the Bank of the City of Buenos Aires will surely be published, a writ which, according to reliable sources, was signed this weekend by Federal Judge Dr Pedro C. Narvaiz; and so the court cases pending against the former president have been reduced to four.
2. The day before yesterday, the talks were resumed by the tripartite committee comprised of representatives of the Progressive Democratic, Social Democratic and Christian Democratic Union Parties; the meeting took place a day after the return of Dr Alberto Natale, the PDP's [Progressive Democratic Party's] secretary general, in Santa Fe, from the United States, and weeks after some internal clashes in the UCD [Christian Democratic Union] regarding a debate on principles and political practice, so to speak.
3. Heads of the Democratic Party of Mendoza put forth in that province the name of the former governor, engineer Francisco Gabrielli, for the presidency of the Federalist Popular Force; an incident that was unquestionably notable, first because engineer Gabrielli will be 78 years of age on 18 March of this year and, second, because, due to the legislation that is in effect, there is no election in sight to choose a successor for Dr Horacio Guzman, of the Jujeno Popular Movement, in that position.

As we said, an interpretation of those and other aspects of national policy could be made in detail, but it would appear fitting now to focus our attention on matters related to our foreign policy. Some of those matters will definitely wield an influence on the course of Argentine domestic policy.

Relations With the United States

There are new signs, in addition to those in the past few weeks, that relations with the United States are tending to improve gradually.

It was announced, in principle, that an American mission would come to Buenos Aires; this could occur in March, but the decision has not yet been made. That American mission would be dissociated from the exchanges which American diplomats are interested in making in the military area.

The Americans have suggested that they would be willing to send some high-ranking defense official. They have even hinted in talks that the visit of a personage such as the commander-in-chief of the Argentine Army would be well received in Washington. But this is nothing other than a reflection of the direction in which the change that has been taking place in the relations between the two countries is headed. An Argentine commander-in-chief could hardly go to Washington, since he could not leave his assignment as a member of the Military Junta, the supreme organ of the state here. Washington has no counterparts to send reciprocally.

As for the civilian mission, Ambassador Gerard C. Smith has been mentioned in Washington circles as a possible head of the group that is to come. He has been cited for that position owing to his important status as special representative, in the category of the ambassadors "at large," or distinguished personages whom the White House and the State Department are in the habit of mobilizing on special occasions. But it so happens that Ambassador Smith is precisely the United States' special representative for matters relating to nuclear non-proliferation.

He has held that position since mid-1977 and, while holding it, came to Buenos Aires on the occasion of the visit of the secretary of state, Cyrus Vance, in November of that year.

So, although the reason for which Ambassador Smith has been mentioned for the coming mission has been one of projecting his lofty position, observers are now wondering whether the candidacy will be changed, so as not to foster ambiguity regarding the nuclear cooperation. We shall return to this same point promptly.

The Typist's Error

The agenda to which the review of Argentine-American relations must be subjected contains four matters: a. the grain embargo against the USSR; b.

the human rights issue; c. technical cooperation; and, d. the establishment of the permanent system for consultations between the two countries.

Once it had been specified in this way by the Washington news sources, the agenda was disseminated and commented on there by the news agencies. One of the latter, in discussing the third point (technical cooperation), stated that mention had been made of conducting it in the field of agriculture. This did not evoke any interest on the part of our country which, on the other hand, expressed the hope of having that cooperation in the nuclear area. Then the fourth point (consultation system) was noted and, finally, it was added that the visit by the American mission to Buenos Aires, which was announced without any confirmation for March, would serve to take steps in that direction; that is, with regard to the consultation system.

Owing to a typist's oversight, the message was conveyed without the paragraph relating to the fourth point, on the consultation system, skipping it; and so it turned out that the progress conjectured for the mission was made to refer to technical and nuclear cooperation.

Since, from the standpoint of American policy, the subject of nuclear non-proliferation has its pitfalls, the report which appeared as we have just described caused some agitation.

At any rate, the nuclear issue is, over the medium term, a substantial aspect in our relations with the United States. Its resolution may perhaps be aided by new historical circumstances: If Argentina and Brazil agree on a cooperation plan, the way will be paved for a subsequent understanding between Buenos Aires and Washington. Therefore, that is a matter of importance to the negotiations which President Figueiredo's visit to Buenos Aires in May started.

The Labor Union Issue

However, not every wind bodes well for the Argentine Government in its relations with the United States. We are referring to the labor union issue.

For years, the Argentine military have tended to view with distrust the close contacts between the American diplomatic personnel assigned to the labor area and the Peronist union leaders. That relationship has run parallel to the rapprochement between those leaders and the American labor leadership.

The Americans consider the Argentine labor movement, extraordinarily influenced by Peronism, to be in a position of independence from the communist movements unlike any other in Latin America. This has been emphasized after new shifts toward the left that have occurred in Venezuela, Colombia and Central America, and even as a result of the prospects which they think are evident from the evolution of the Brazilian labor movement.

Insofar as the Argentine Government has difficulties with the unions here, there will be a negative aspect in its relations with the United States because of what might represent active intervention by the American labor movement in our affairs. The ICFTUO [International Conference of Free Trade Union Organizations] leaders who have visited Buenos Aires already commented this week that this organization would declare a boycott against Argentina if it were necessary to express its solidarity with the Argentine labor unionists. In this connection, it should be borne in mind that the United States has decided to return to the ILA [International Labor Organization], with all that this means to the restoration of the relations which were interrupted for a long time between the ICFTUO and the American labor confederation, the AFL-CIO.

2909

CSO: 3010

STRONGER LINKS WITH UK TO BENEFIT VARIOUS SECTORS

Buenos Aires LA NACION in Spanish 22 Feb 80 p 6

[Editorial: "The Relations With Great Britain"]

[Text] With the reciprocal appointment of ambassadors by the governments of the United Kingdom and our country, the traditional ties which unite both nations have resumed the status and quality which have been attested to by their centuries-old nature.

Beyond the specific endeavor of the diplomatic missions, there is reason to expect from the fulfillment of both the indispensable effort to reach a final solution to the dispute over sovereignty in the Falkland Islands.

Contemporary reality has lent the issue a scope more extensive than Argentina's recovery of control over the archipelago by reason of the legitimate right which is ours and which we proclaim, upholding it and reiterating our protest on all pertinent occasions.

But apart from that issue, which involves rights and sentiments that are very dear to the Argentine nation, there is a broad area for reinforcing a friendship and bonds of an historical, cultural, spiritual and economic nature, of growing significance and indisputable force.

For example, it would be beneficial to explore the possibilities of a cooperative defense of the southern seas against ravaging and unlawful exploitation, the recognition of Argentine rights to other archipelagos and to vast expanses of ocean, and the possible procurement of hydrocarbons and minerals. Nor should the assessment of the rights backed by our expeditions to Antarctica and the resultant installation of bases, and their intensive, beneficial work in science and information, offered unselfishly, occupy a secondary place in the diplomatic perspective shared by both countries.

With regard to the traditional exchange, it will be incumbent on our embassy to negotiate with the British government concerning an expansion of the various categories which comprise that relationship, and to see to it that,

in the European Economic Community, the United Kingdom not only does not assume positions contrary to Argentina's just claims, but, on the contrary, that it helps to make the EEC an entity which understands the importance and status of our country and of Latin America as well in international trade.

The government and the various sectors of activity in Argentina will serve the British representatives as attentive spokesmen fostering an intensification of the deep affection which has marked the mutual relations for many years.

The experience gained through time and observation of the international scene must be sufficiently enlightening to afford a perception of this complete reestablishment of the diplomatic presence in Buenos Aires and London in all its dimensions. This reestablishment is taking place after not only many years of interruption but also a regrettable mistake, which has fortunately been surmounted, concerning the conditions on which the new chief of the British mission was to be accredited here.

The agreement on the major political and social goals on the part of the two countries is a reliable expedient that is ideal for increasing their relations, and simultaneously for resolving existing differences or those which their very status as sovereign nations might create. We hope that this will be the case.

2909

CSO: 3010

CACCIATORE SPEAKS TO REPORTERS ON FRG VISIT

Buenos Aires CLARIN in Spanish 19 Feb 80 p 23

[Text] "The conversation which I held with Helmut Schmidt at the opening of the ENVITEC '80 Fair during my stay in Duesseldorf was very brief. We exchanged a few comments with the German prime minister concerning the fair and the confidence that he has in the situation in Argentina. He wished me a pleasant stay in his country." This statement was made in Nueremberg, where the intendant, Brig (ret) Osvaldo Cacciatore, has been for several days, in a telephone conversation with the press which he held yesterday over a broadcasting station in this capital.

With regard to what he had done during his visit to West Berlin, he said: "A group of plans that we are implementing in Buenos Aires was confirmed. I had a rather long and very cordial meeting with the mayor of Berlin. We exchanged views on the administration of municipal policy and on some possible solutions to the major problems besetting cities. There was great agreement in this respect. He remarked that the problems are basically the same. What varies is their size or intensity."

When asked what image Argentina has in West Germany, the Buenos Aires intendant explained: "I think that the impression of Argentina here is very positive. The meetings that I have held with both government authorities and businessmen reflect optimism. They think that our overall policy has been a great help, and has made it possible to offer very encouraging prospects for the future. I think that this is reflected in the trade balance between Germany and Argentina, which has intensified, particularly during recent years. We believe that they are convinced of our recovery, and will intensify those relations with mutual benefits."

In conclusion, Brig (ret) Osvaldo Cacciatore expressed great satisfaction at the progress of the Buenos Aires Carnival. He was happy about its "re-instatement," and pointed out that the Friends of Avenida de Mayo Association "has taken great pains, and I wish it the best success."

2909

CSO: 3010

'LA PRENSA' STRONGLY OBJECTS TO GOVERNMENT NEWSPRINT RULING

Buenos Aires LA PRENSA in Spanish 3 Feb 80 Sec 2 p 1

[Editorial: "Liberty Violated"]

[Text] The administrative appeal which the ADEPA (Argentine Newspaper Owners Association) submitted to the economy minister, challenging official acts connected with Papel Prensa S.A. [Inc.], clearly and precisely summarizes the process which led to the violation of constitutional principles on freedom of the press to the benefit of a monopolistic enterprise of questionable origin. This is a charge which cannot be officially made but which reveals the motives behind the government's action, intended to institute a paper monopoly by granting privileges that clash with the general interest and that directly affect the institution of the free press.

The reason behind this challenge follows quite naturally, without evasion or any further profound research, from the antecedents, from the elements of evidence, and from the doctrinaire foundations stated in the document itself; the basic concern here is quite legitimate and involves the defense of the constitutional right guaranteeing the free circulation of ideas and information. The government resolution raising newsprint import duties to a figure of 45 percent of its value, plus 2 percent destination fee is in violation of the National Constitution and ADEPA demonstrates this in examining the specific text of Article 32 and the spirit of Article 14. Freedom of the press—it says there--according to the thinking of outstanding public men, such as Dalmacio Velez Sarsfield, Bartolome Mitra, Domingo Faustino Sarmiento, Rafael Obligado and Jose Marmol, cannot be the subject of any kind of restrictions or taxation and this is so "because this involves a right which the people has reserved for itself and never delegated to any government."

But while the legitimacy of the claim expressed by this newspaper organization is irrefutable, as confirmed by the unanimous opinion of the country's independent press, it is no less true that the irregular action taken through this administrative procedure relieved the privileged enterprise of certain limitations expressly established and renegotiated a contract that was null and void, "overshadowed by the evil figure of David Graiver." In the Western World--ADEPA says--"there is not a single example of economic integration comparable to what has been achieved by the Papel Prensa S.A. enterprise"; and it then adds, "with the protagonistic participation

of the national government." This implies a vertical concentration of power which "enables the government to control the situation from the raw material production phase to the sales phase, from the tree until the final product is placed in the consumer's hands."

One of the reasons given in 1972, when the establishment of Papel Prensa S.A. was ordered, was the need to guarantee the production of high-quality paper at international prices. But the enterprise failed in achieving these objectives because its output is of inferior quality and its price is the highest in the world. The appeal submitted to Minister Jose Alfredo Martinez de Hoz outlines the steps taken by the economic management team aimed at eliminating these requirements from the original contract and resolving a unique case, through an apparently general measure, to the detriment of the constitutional principle of equality before the law. The customs duty is unlawful, at any rate, because it restricts freedom of the press and the possibility of exercising it fully through the periodicals which are not incorporated into this monopolistic enterprise. It will be maintained in vain that it is necessary to protect the industry by digging up laws such as Law Number 20.545, promulgated by the Peronist Congress or Decree 751/74, signed by Peron, Gelbard and Lopez Rega.

The administrative appeal involved here--which comes prior to a petition in a court of law--above all constitutes a significant contribution to the clarification of a matter that is of undoubted public interest, as we pointed out clearly and frankly in earlier commentaries. With reference to the "rules of the game" of economic policy, ADEPA says that they are not of a general nature and "apply to everybody except the enterprise of the Graivers." Reduction of income taxes and substitutes for the free transfer of assets and exemption from the stamp and sales tax as well as payment of import duties on machinery, equipment, spare parts, and raw materials--these constitute some of the privileges that were granted to Papel Prensa S. A.

The government's financial participation, up to 33 percent of the company capital involved, was also mentioned here. "The loans granted by the Development Bank--which, as of 31 December 1977 came to 35,622,730,000 pesos are equivalent to \$52 million at the exchange rate at that time." On the other hand, the other newspaper enterprises had to participate with a duty of 10 percent as of 1 January 1970. On top of all that, this constitutes "customs exemptions designed to guarantee a monopoly and to hinder competition."

Here is what we said at that time: "Because of the contract entered into by another administration but maintained and extended by the current administration, every citizen will soon have to read poorly printed daily newspapers which will be the most expensive in the world."

NATION SEEKS TO SHORE UP LAFTA'S WEAKENED STRUCTURE

Buenos Aires LA NACION in Spanish 7 Feb 80 p 7

[Text] In the course of a conversation with LA NACION, Under Secretary of International Economic Negotiations Juan Dumas stressed the fact that Argentina is making every effort to get the LAFTA out of its current condition of stagnation.

It must be recalled that the transition phase in LAFTA terminates at the end of this year and that the new organizational structure for this body is to be worked out prior to that deadline. Argentina's position regarding the future of LAFTA was explained on 5 June of last year and will be considered along with other opinions starting in March when the first of three working sessions prior to the general meeting will be held in Caracas.

Mr Dumas summarized Argentina's position in the following three main points:

Establish the possibility of signing customs tariff integration agreements within the framework of LAFTA, agreements of a subregional character, that is to say, by a number of countries smaller than the total. So far, customs tariff concessions, which are agreed upon within LAFTA, are automatically extensible to the other countries, depending of course on the contributions which the latter may have made or may not have made to the benefit of improvements in the regional integration system.

Another major innovation proposes that customs tariff reduction agreements of a subregional character involve the negotiation of each product against its counterpart, in other words, by way of illustration, refrigerators against refrigerators and pencils against pencils. (At this time, if there happens to be a transaction, it would be refrigerators against pencils, for example.)

This implies that, if the proposal is approved, we would manage effectively to make progress in the creation of free-trade zones; according to the example, they would involve those for the refrigerators and those for the pencils.

The third major point, supporting the Argentine position, is that there be no prior conditions on the forms of customs tariff integration, that is to say, that any mechanism leading to that end be considered suitable.

"Better Than Nothing"

Answering a question concerning the usefulness of LAFTA to Argentina, such as it worked out since its foundation, Mr Dumas pointed out that "It has been better than nothing" since Argentina's trade with Latin America has doubled; it rose from 12 percent of the total volume in 1962 to 24 percent in 1978.

"But, he emphasized, "our basic concern here is that, beyond trade statistics, we believe that customs tariff integration is good in itself because that gives the countries constituting the LAFTA a larger market with the advantages of the economies of scale which would fundamentally benefit the Latin American consumers as a whole.

"On the other hand, regional trade statistics are way out of proportion to what they could be. They are far from reaching their potential."

Objective

One example, perhaps a rather remote objective, is represented by the EEC where intraregional trade grew "explosively" after 1958. We are facing a horizon of undreamed-of projections.

"It is my conviction," said Mr Dumas "that we are facing a huge piece of machinery which is ready and which at a certain moment, when some major agreement of a subregional character has been signed, will get going with unpredictable magnitude and speed."

"Argentina," he finally emphasized, "is doing everything it can to get this machine to start up."

5058

CSO: 3010

COST OF LIVING INDEX ROSE 7.2 PERCENT

Buenos Aires LA PRENSA in Spanish 8 Feb 80 pp 1, 4

[Text] The consumer price (cost of living) index for the past month of January went up 7.2 percent compared to December 1979. If we exclude the consumption of red meat and meat products from the components of this index, then the increase turns out to be 6.9 percent.

A comparison between the indexes recorded for January 1980 and January 1979 will reveal an increase of 127.9 percent. Looking at the index without the items for red meat and meat products, the annual rate of change was 126.4 percent. The annual change for red meat and meat products in particular was 137.3 percent.

Wholesale Prices

The general wholesale price level last January went up 4.2 percent compared to December. Excluding the items of "cattle" and "processed meats" and "canned meats," the increase was 3.9 percent.

Compared to the same months last year, the change in the general level was 116.8 percent, whereas, if we drop cattle and meat, we get a figure of 113.6 percent. During the first months of the year, we observed an increase of 4.2 percent in domestic products which, dropping the above-mentioned items, gives us a figure of 3.7 percent.

Imports went up 5.5 percent. The change in domestic products results from agricultural and livestock products which went up 4 percent whereas we get a figure of 4.3 percent for products other than agricultural and livestock. Looking at the above-mentioned exclusions, the changes would turn out to be 3.8 and 3.7 percent, respectively.

In agricultural products we had increases of 3.9 percent in products of vegetable origin and 3.7 percent in products of animal origin (excluding cattle where the increase was 1 percent), while we had an increase of 35.8 percent in the fishing industry.

The items making up the group of nonagricultural products register variations which in general do not exceed the total, except for tobacco which went up 17.4 percent; petroleum derivatives, up 7.5 percent; lumber, up 6.3 percent; and "food and beverages," up 4.8 percent; if we exclude meats, then the increase is 3.1 percent.

Imported products registered more significant increases in "rubber" with 15.7 percent; "paper and cardboard" with 13.1 percent; and "metals, excluding machinery," with 10.7 percent.

Construction Index

The general construction cost index level in the federal capital shows an increase of 7.3 percent for January as compared to December 1979. Under the heading of "materials," we observe a rise of 4.1 percent, caused primarily by higher costs for roofing tiles, parquet flooring, lime, cement, and sand.

"Manpower" costs went up 17.3 percent as a result of wage adjustments ordered by Decree 89, in effect as of 1 January of this year.

Under the heading of "general expenditures," the increase was 8 percent, resulting from hikes in the wages of night watchmen, in water for construction purposes, electric light connections, and construction site management expenditures.

Comparing the statistics for January 1980 with those of January 1979, we note that the general construction cost level went up 142.3 percent.

The statistics given are provisional from January 1979 until January 1980 because the general level and the manpower and general expenditure items might reveal changes the moment the Under Secretariat of Public Works establishes new rates for social benefits.

5058

CS0: 3010

INDEC ISSUES REPORT ON ECONOMIC PROSPECTS FOR 1980

Buenos Aires LA NACION in Spanish 1 Feb 80 p 6

[Text] According to a report released yesterday by the INDEC [National Statistics and Census Institute], dealing with industrial expectations for the first quarter of the year, 64 percent out of a total of 500 enterprises surveyed feel that the annual inflation rate for 1980 will fluctuate around levels below 75 percent, taking that figure as the top.

The study--which, under the chapter heading "Price Variations," covers private industry expectations for the entire year of 1980--adds that 29.1 percent expect the rate to be between 76 and 100 percent, whereas the remaining 6.9 percent believe that the increase will be higher than 100 percent.

Regarding the "investment level," the report points out that the prevailing tendency in the private sector involved a maintenance of the levels during the fourth quarter of 1979. It added that this can be observed especially in the following sectors: Basic, nonferrous metals industries; earthenware and porcelain article production; machine-building (with the exception of electrical machinery); tobacco; rubber production; leather and lumber industries; glass products; and electrical machinery and appliances.

Variations in Inventories

In the chapter entitled "Variations in Inventories," the report emphasizes that raw material stocks during the first quarter of the year will be within the levels of the prior quarter.

In particular, however, the report notes that the situation among the various sectors is not identical. Looking at plastic products, furniture manufacture, metal products and machinery as well as electrical appliances, the tendency--according to the survey--will be a rising one, whereas the principal drops will take place in the lumber industry, in textiles, in shoe manufacturing, glass products, professional and scientific equipment manufacture, and production of earthenware and porcelain articles.

As far as semifinished and finished products are concerned, 51.5 percent of the responses expect a stock level similar to what we had during the fourth quarter of 1979; 27.5 percent believe that there will be increases and 21 percent believe that there will be a decline.

Demand for Credit

The report then goes on to analyze this particular chapter heading. It points out that, in overall terms, 42.7 percent of the enterprises surveyed estimated a credit demand level similar to the one we had during the fourth quarter of 1979; next, 24.4 percent believed that the demand would be slightly higher while 16.6 percent believed that there would be major increases. Looking at the decline in the demand as such, out of the total number of enterprises, 4.9 percent believed that there would be reductions (between 6 and 25 percent) while 11.4 percent expected significant drops.

Among sectors that would demand the most in the form of loans we have the food and beveral industry, the textile industry, the plastic and metal products manufacturing industry, and the transportation equipment construction industry. Looking at the decline in loan applications, we find mostly industries involved in petroleum distillation as well as products derived from petroleum and coal. It is believed that in this case likewise the various tendencies will be of a seasonal character.

Output

Finally, the report analyzes the subject heading of "production." For the third quarter of 1980, 27.7 percent of the responses expected a level similar to the same period of time in 1979; 36.8 percent believed that there would be a rise and 35.5 percent expected a drop in production levels.

By way of a corollary, the report points out that, on the sector level, there were specific forecasts which point to a rather heterogeneous performance for the entire industrial spectrum as such.

5058

CSO: 3010

PROVINCES REPORT ON 1979-80 WHEAT HARVEST YIELD

Buenos Aires LA NACION in Spanish 15 Feb 80 p 5

[Text] Wheat production during the present agricultural season will reportedly reach a total of 7.8 million tons, representing a reduction of 3.7 percent (300,000 tons) in comparison with the 8.1 million tons during the preceding period. This statement is made in the first official estimate on that grain, which points out that, in any event, the current production exceeds the average for the past 5-year and 10-year periods by 0.1 percent (12,000 tons) and 10.2 percent (722 tons), respectively.

The lower production at present is a result of the reduction in the planted and harvested areas, and the late frost and hailstorms which struck the crops in bloom and production, particularly in Buenos Aires and La Pampa.

The official report states: "The aforementioned adverse weather conditions proved even more detrimental to the results of a season which began in that region with a severe winter drought, which in turn delayed or prevented the planting (in the western part of the southern subregion), also damaging sections which had already been planted during their germination stage (sub-region IV)."

From an absolute standpoint, the decline in production is concentrated in Buenos Aires, where 800,000 fewer tons were harvested than last year; and, from a relative standpoint, in La Pampa, where the harvest is 24.3 percent smaller than during the preceding period. There was also a decline in Entre Rios Province, whose production will be only 10,000 tons, due to the fact that the producers directed their preference toward flax, the production of which will be one of the highest in recent years.

Cordoba and Santa Fe, which will contribute 17.4 and 20.3 percent of the total volume in the country, respectively, will reportedly have an increase in their production over that of the last season, amounting to 40.2 percent in the case of the former, and 17 percent for the latter. It was noted that the high yields accrued in them will raise the general average to 1,709 kilograms per hectare harvested, ranking third in the figures for the past 10 years, but still somewhat far from the absolute record of 1,835 kilograms set in the 1964-65 season as a result of very favorable weather conditions.

2909

CSO: 3010

GRAIN BOARD OFFICIAL CITES POSSIBLE EFFECTS ON WHEAT TRADE

Buenos Aires LA NACION in Spanish 23 Feb 80 Sec 3 p 5

[Interview with Jose Maria Gogna, head of the Buenos Aires Grain Exchange; date and place not given]

[Text] The commercial prospects for wheat in the country's grain production, whether or not it is feasible to establish a support price for that grain, the effect of the rulings of the National Grain Board on the marketing of wheat and the repercussions which the future implementation of the VAT [Value Added Tax] may have on the intermediate sectors involved in the purchase and sale of grain were the topics contained in a questionnaire submitted to the head of the Buenos Aires Grain Exchange, Mr Jose Maria Gogna. We are reprinting below the questions and the answers which Mr Gogna gave to each of them.

Prospects

[Question] In the opinion of the Buenos Aires Grain Exchange what are the commercial prospects for wheat as part of our grain production as a whole?

[Answer] The wheat production from the 1979-80 season is still being marketed without major problems. The price of the product has remained rather close to the international price; although, since the beginning of this year and as a result of the grain boycott on the Soviet Union, domestic wheat prices have to some extent stopped showing that relationship. During January, the board prices rose considerably; although, in February, part of the increase was absorbed by consecutive reductions in price.

This uneven behavior demonstrates the instability on the market and the constant effect which the changing international situation has on it.

The National Grain Board, for its part, has upheld the policy of making periodic adjustments in the support price, thereby preventing the producer's income from being hurt by the effects of inflation.

Support Price

[Question] In view of the current conditions on the international market since the grain boycott against Russia, do you consider it feasible to set a support price such as the one established last year, which was of an unusual nature?

[Answer] Although the present conditions on the international market show signs of instability, the worldwide wheat trade, and hence the prices for the product, are enjoying a relatively better situation than that of other grains. The current prices levels on the domestic market, in constant currency, are similar to the average prices recorded in previous seasons.

Under these circumstances, the guarantee of 80 percent of the international price which is in effect should be considered adequate. Nevertheless, the instability on the markets which we have already mentioned, as well as the effect that the future harvests in the northern hemisphere may have on prices, depict a situation the future development of which is difficult to predict at this stage of events. Hence, we think that the authorities should closely monitor the course of events, and weigh very carefully whether or not there is a need to set a support price; since, if there is a drop in the prices received by the producer, the necessary and normal income return of the latter could be seriously upset, particularly when one takes into account the present exaggerated cost structure and the resultant low profit rates.

Furthermore, and we would do well to stress it, the recent political and economic events on the international level have proven the importance of our wheat production, as well as the strategic significance of the Argentine presence on foreign markets.

Rulings of the National Grain Board

[Question] To what extent do the rulings of the National Grain Board on wheat marketing and standards represent a benefit for the sectors involved? Which aspects do you consider most constructive, and which should be corrected?

[Answer] With respect to the standards for marketing wheat for bread, we consider the changes made in November 1979, whereby the regulation pertaining to vitreous grains was changed, and the traditional criterion of white bread grain was reinstated, as constructive. At the same time, in this same regard, there was a return to the previous criterion of establishing maximum tolerances. These changes in standards associated with the quality of the commodity have afforded a better and smoother marketing of the crop.

Insofar as the commercial aspects are concerned, no noteworthy problems have arisen, except for some minor breakdowns which upset the activity of certain trades in particular.

Apart from the foregoing, what has aroused some concern is the excessive regulatory system under which the grain trade is kept. The proper control of marketing should not exceed the bounds of that objective. This is why any excess, regardless of the reason underlying it, entails the danger of complicating, and even impeding the normal development of the free market. We think that, in this respect, the groundrules should be clearcut and, if a basic position is assumed whereby the freedom of markets is upheld, it cannot be distorted when the pertinent operational measures are put into effect.

During their administration, the present authorities have carried out a progressive liberalization of the grain trade. If that process is to achieve the success which we all hope for, it must be consistent and continue until it is completely fulfilled.

The VAT

[Question] In what way will the future application of the VAT to agricultural production have repercussions on the marketing of grain, and what views does the institution hold in this regard?

[Answer] Based on the consultations held by the entity with the present authorities in the economic area, the extension of the value added tax to the agricultural and livestock sector would not affect the intermediate phases of grain marketing. In other words, the tax would begin to be levied starting with the industrial phase of those products which are destined for the domestic market; because, as we know, the exporting sector is not affected by this tax. It is our opinion that, relating exclusively to its repercussions on grain marketing, that is, without considering other aspects thereof, the approach that has been taken is the most feasible of all that are possible; because any other solution would entail distorting effects on the normal operation of the grain and oil products market.

2909

CSO: 3010

INTERNATIONAL EVENTS SEEN FAVORABLE TO GRAIN SECTOR

Buenos Aires LA NACION in Spanish 23 Feb 80 Sec 3 p 4

[Text] "At the present time, and on the basis of international prices, I think that the wheat planting for the 1980-81 season will be extensive, because it suits the farmer. With two markets operating now (the international and the FOB Buenos Aires, the latter at nearly \$200 per ton and far above the prices in the Gulf), the Argentine position is optimistic. With these prices there will surely be a new shift toward growing wheat and grains in general, especially if we add to this analysis the fact that the international situation has confirmed and enhanced the strategic role of food, which has been discussed so much lately in national forums and those abroad." This was the description given of the prospects for wheat in our country by the undersecretary of agrarian economy, agricultural engineer Enrique E. Gobbee, a professional who has been closely associated with the improvement of the production and cultivation of that grain through 10 years of service as a researcher, a university professor and a consultant on the subject in the CREA [Regional Experimentation Center ?] movement.

Goal: 20 Quintales Per Hectare

According to Gobbee, Argentina, without expanding its normal wheat-growing area, could easily attain the 20 quintales per hectare of average production which is a goal that could be reached within a few years, based on the present 17 quintales, with a rate of increase amounting to 34 kilograms per hectare per year. Understandably, that rate could vary considerably, and it could increase if there are economic conditions such as those this year, and also if weather conditions keep a favorable pace with the progress of the planted areas.

The undersecretary of agrarian economy bases his optimism regarding the increase in unit output on real facts. In this connection he notes that, where wheat is concerned, the genetic boundaries have been broken, and there are now varieties which produce 60 quintales per hectare in the field, a volume that far exceeds our national average of 17 quintales that has been cited. Gobbee remarks: "Wheat is a crop with a potential, provided suitable soil and profitable techniques are used." And he adds that, after having

been virtually abandoned for many years, during the last decade it experienced a thorough process of genetic and technological improvement which has made it possible to operate with great changes now. He was emphatic in stating: "In this way, the output rose during the past 5 years from 1,400 kilograms to 1,700 per hectare."

Moreover, and as an almost novel element for Argentines, there is the possibility of fertilizing, as a very beneficial supplement of great value with respect to the varieties that are being used lately. For the sake of a suitable product price-input price relationship (the price of wheat was adjusted on the basis of the general wholesale price index, which increased far more than that of the dollar), the producers intensified the use of fertilizers; and it is estimated that the area covered increased from 45,000 hectares in 1978 to 600,000 hectares during the last season. Also, the information in the hands of the technicians contains statements concerning the reaction to the fertilization based on the soil analysis; and, in the case of phosphated fertilizers, there are also tables available which show the exact relationship involved in the conversion of kilograms of fertilizer into kilograms of grain.

Wheat-Soybean Rotation

In addition to the fertilization, which affords highly favorable prospects for areas such as those on the sea and in the mountains, and Entre Rios and Santa Fe, engineer Gobbee concluded by citing two factors which act on behalf of the expansion of wheat in areas from which it was displaced by corn. The official commented: "The good income return from wheat-soybean rotation, and the possibility of using herbicides to curb the weed undergrowth which attacks the latter, will bring about an expansion of soybeans, which are a perfect match for wheat; and will enable the latter to recover an area wherein it had reigned supreme and from which it was displaced by corn. The option of profitability equals that of corn, but the wheat-soybean rotation has the advantage of a greater harvest potential."

2909

CSO: 3010

GOVERNMENT FOCUSES ON PROBLEMS IN TEXTILE INDUSTRY

Buenos Aires LA NACION in Spanish 1 Feb 80 p 20

[Text] The ministry of economy and of labor are studying the situation in the textile industry in order to determine the real dimension of the crisis which has broken out in this sector and whose consequences involve a recession, the closing of factories and unemployment.

In the meantime, business and labor are increasingly worried about the industry's future and agree that, if the administration does not quickly adopt fundamental measures, the situation could be further complicated starting in April.

As far as we have been able to learn, the efforts made by the economic authorities are basically aimed at determining the number of enterprises that will be forced to file bankruptcy petitions and figure out what the credit situation of the industrial establishments in this sector really is. In the labor ministry, studies are designed to determine the situation from the employment viewpoint of the union workers in relation to the crisis.

"Extreme Seriousness"

The labor union sector is awaiting the return of Labor Minister Brig Gen Llamil Reston, who is on vacation, in order to confer with him.

Since the Textile Workers Association is under military administration, the approach to the minister will be handled by a coordinating committee of secretaries-general of labor union sections that have not been intervened. In the opinion of worker leaders, the problem is "extremely grave" and they explained that, even if the administration should decide to suspend the import of textile products, the situation is bound to continue for quite some time because of the large volume of imports that have been brought into the country.

Solutions

Business operators have also taken various steps in the economic area to turn the current situation around. In this respect, manufacturers reportedly proposed--as an initial way to start getting the crisis under control--that reference prices be fixed for textile products and that cutbacks

or suspensions of imports be ordered so as to facilitate a market study. Business operators also proposed to talk to Martínez de Hoz to discuss their problems and suggest solutions, such as those mentioned; but here again it will be necessary to wait for the return of the minister of economy from his vacation, possibly next week.

Labor Union Charges

On top of all this, labor union circles are reporting even more labor problems springing from the situation in the textile industry.

The Perlan Company in this capital has discharged its ten employees because it is definitely closing down. The Chassa factory in Lavallol, which had suspended its 120 workers until yesterday, extended this suspension until the end of this month. The Tridexa factory, in this capital, yesterday discharged four out of the 20 persons it employs and four out of 23 workers were discharged in a branch of that enterprise likewise located in the capital. The working day was reduced by one hour at the Borestein factory in this capital. The Jaime Leibam factory, in this capital, discharged its 20 workers, noting that the enterprise is cited to keep five retirees working without giving them the legally required contributions. Finally it was announced that the Manteola establishment, in this capital, discharged its 40 workers and closed down.

Solidarity

In the meantime, the UGT (General Union of Workers) expressed its solidarity with the textile workers and demanded an end to the "antinational and antipopular economy policy."

In a document it noted that the "grave" situation, which the textile workers are experiencing, is a consequence of the economic policy which "with its tax increases, its customs duty reductions and subsidies, permitted the massive import of textile products coming from countries or colonies where manpower is almost in a state of slavery or where the industry is protected and where exports are subsidized, as in the case of Brazil and Peru."

5058

CSO: 3010

MISSILE PRODUCTION TO BE INTENSIFIED

Buenos Aires LA OPINION in Spanish 14 Feb 80 p 10

[Text] This year, Argentina will undertake the manufacture of missiles, and will engage in intensive production activity for equipping the Armed Forces with weapons, according to an announcement made in Cordoba by the general director of Military Manufactures [FM], Gen Oscar Gallino. The military commander explained to a group of newsmen that the entity for which he is responsible is in a position to produce modern accoutrements which will help to equip the forces with items that have not yet been included, and to make improvements in the areas that are already familiar.

General Gallino made comments after attending the ceremony marking the 44th anniversary of the creation of the Rio Tercero Military Factory.

In discussing the entity's new projects, Gallino disclosed that, "The idea is to increase the range of weaponry supplied to the Armed Forces and the security forces; so it is our goal to complete the gunnery line associated with the Army's plans. The Rio Tercero Factory bears a great responsibility in this regard, because it is the one which produces the piping itself, as has been recently shown in the equipment made for the Army."

He added: "The Rio Tercero Military Factory will be outfitted with modern processes, such as self-banding, to obtain better quality in its material, and to achieve more extended range and trajectory in artillery, with completely modern guns on a par with the best in the world."

He added that other Military Manufactures establishments will produce modern supplies which will help to equip the Army in categories which had not yet been included, for example, such as that of missiles. He said: "Now they will be included in the production of Military Manufactures."

When asked whether our country is supplying any Latin American nation with ordnance, he stated: "I cannot reveal the details, because it would intrude upon professional secrecy, but we are providing several Latin American countries with equipment for their armies and security forces."

On the subject of the policy of putting the state enterprises under private control, General Gallino said that he is in "full" agreement with it, although he explained that the case of Military Manufactures is "unique," because its activity "is inextricably linked with national defense requirements."

He noted that, in 1980, production would be continued on the Argentine medium tanks (TAM) and on other items which "are currently being supplied to various sectors of national private industry." In conclusion, he said that FM "has an important role to play during 1980. The idea is to participate in the national reorganization process, in accordance with its present administration, and to hold dialog with the economic group specifically."

2909

CSO: 3010

BRUNELLA ANNOUNCES GEOTHERMAL EXPLORATION PLANS

Buenos Aires LA PRENSA in Spanish 13 Feb 80 pp 1, 8

[Text] The nation's Energy Secretary, Engineer Daniel A. Brunella, yesterday, at a press conference, disclosed the program for the exploration of the country's geothermal resources which is being developed and which will be carried out during the period of 1980-1984, with an investment of \$12.5 million coming from the National Energy Fund.

The meeting was also attended by Planning Secretary Brig Gen Jose Miret and other officials from both secretariats of state.

It was announced, with the collaboration of the geothermal technician, Dr Ricardo Zucal, that the territory of the Cordillera to be explored is divided into seven regions which in turn are subdivided into 15 areas of no more than 2,000 square kilometers each; they are part of one of the world's potentially most important regions from the geothermal viewpoint. This is why they present great possibilities for utilizing this unconventional energy source.

Regions

Here are the regions with their respective zones in parentheses: Puna (Jujuy and Salta), Norther Cordillera (Tinogasta and Iglesia), Central Cordillera (Tupungato, Sosneado, and Chos Malal), Southern Cordillera (Neuquen and Chubut), Subandean (Santa Barbara and Metan), The Pampa Mountain Ranges (Belen, Famatina and Rio Hondo) and Southern Merdoza (Payun Matru).

This geothermal exploration program, it was explained, must, during the initial exploratory phases, be supported by the federal government, so that private enterprise may be involved later on in the subsequent big investments. This 1980-1984 program was so structured as to permit the attainment of a regional resources estimate within a reasonably short period of time.

Program

The 1980-1984 program is already underway through two preliminary feasibility studies being carried out in the Tuzgle area (Jujuy) and in the

Copahue area (Neuquen), respectively. The Tuzgle study has its immediate antecedent in the activities which the Energy Secretariat is promoting under the heading of geothermal prospecting. In 1978, with technical advice from that Secretariat and with financial support from the Secretariat of State for Mining, the government of the province of Jujuy contracted with the Salpem Argentina enterprise which, using the specialized service of Aquater S.P.A. of Italy, in 1979 completed a prospecting survey throughout the territory of the province. As a result of the studies performed in the area of Puna, it was possible to identify five areas of interest in one of which, called Tuzgle, it was decided to continue prospecting through a preliminary feasibility study whose financing was provided for under the 1980-1984 program. The field work connected with this study will begin this coming March, with the participation of specialists from the province and the Energy and Mining Secretariats for the purpose of improving skills in that discipline.

"The government of the province of Neuquen, for its part, through a contract signed with the Latinoconsult S.A. [Incorporated] enterprise, technically supported by Electroconsult, of Italy, launched a preliminary feasibility study in the Copahue area, which will likewise be financed from 1980-1984 program funds.

"This year we are planning to start prospecting studies in Puna de Salta and Catamarca and in the Sosneado Zone, in Mendoza."

Timetable and Investments

"The timetable planned for the period of 1980-1984 includes the completion--apart from others which may possibly be of interest--of 23 projects including prospecting and preliminary feasibility studies, so as to investigate the possibilities of using geothermal resources in the territory of the 12 provinces in the country's western region.

Out of the total amount of money allocated by Decree No. 3.408/79 for the investigation of unconventional energy sources and energy conservation, the following annual amounts, estimated in U.S. dollars, will be set aside for the 1980-1984 geothermal exploration program: 1.5 million (1980), 2 million (1981), 2.5 million (1982), 3 million (1983), and 3.5 million (1984).

"Regarding other energy sources, specific actions have already been contemplated. An agreement is being prepared with the Secretariat of State for Science and Technology by virtue of which the Energy Secretariat would actively contribute through the funds provided for in Decree No. 3.408/79, for the specific determination of projects aimed at permitting the utilization of energy, such as solar, wind, and other forms of energy, within a reasonable period of time.

"In the area of energy conservation, measures such as the regulation of the release of gas, recently ordered, and others under study, will enable the Directorate-General of Energy Conservation created by Decree No. 2.725/79, to achieve better control over the rational utilization of energy resources."

Comments by Engineer Brunella

Answering questions from those present, the Energy Secretary explained that, by the end of this century, the supply of electric power will have to be made up to the extent of 75 percent from hydroelectric production, 15 percent from nuclear sources, and 10 percent from thermal sources.

The idea behind these studies is, in the future, to replace this latter type of energy production which consumes a large volume of fuel.

He added that, according to international studies, there is a possibility of generating up to 1 million Megawatts from geothermal resources, one-fifth of which are found in America and half of that amount can be located in Argentina.

Regarding the energy exploitation experiences involving geothermal resources, he said that this has been done in Italy since 1904 and that the United States presently has an output of 900 Megawatts, followed by Italy with 420, Japan with 200, New Zealand with 192, Mexico with 75, and El Salvador with 60 Megawatts.

Finally he stressed the fact that the exploration program can benefit 12 provinces.



Geothermal Regional Setup, 1979. Key: 1--Regions; 2--Surveys; 3--Completed; 4--To be done in 1980; 5--Preliminary feasibility studies; 6--In progress; 7--Zones; II--Northern Cordillera; IV--Southern Cordillera; V--Subandean region; VI--Pampa mountain ranges; VII--Southern Mendoza.

GOVERNMENT PETROLEUM DEPOSITS LAUNCHES NEW SHIP

Buenos Aires LA PRENSA in Spanish 4 Feb 80 p 8

[Excerpts] The tanker "Ingeniero Julio Krause," built for YPF (Government Petroleum Deposits), was blessed and christened at the ASTARSA (Argentine River Plate Shipyards, Inc), located on the Tigre.

Remarks by Captain Armendariz

The director of the outfitting division among other things pointed out that two vessels of 15,000 tons were commissioned since April 1979; the third vessel in that series will be received on 6 February and a 60,000-ton ship will depart for its sea trials this month.

With this 6,000-ton [as published] unit, which is involved in the blessing and christening ceremony, five new vessels will have been placed in service in approximately one year, increasing the YPF fleet by 111,000 tons. "We can easily see," he said then, "that facilitating these construction projects, plus another 60,000-ton vessel, to be ready by the end of the year, constituted a very significant economic effort for YPF. This effort was carried out in the country's own shipyards and will lead to a considerable reduction in the average of the fleet which will drop from 23.5 years in 1976 to 10.8 years at the end of this year; it must be emphasized that ten out of its 25 vessels will have less than 2 years of service behind them."

"Regardless of the fact that we have technically advanced units with great improvements in terms of the skills of the crew members," he pointed out, "these new vessels considerably reduce the operating expenditures which constitute a big item in ship operation when vessels are close to obsolescence, as has been happening to the country's fleet until a short time ago."

Characteristic Data

The tanker "Ingeniero Krause" has a length overall of 111.80 meters, a beam of 17.20 meters, and a [molded] depth of 8.60 meters with a draft of 6.70 meters. Its gross tonnage is 6,000 tons and it has a transportation of capacity of 8,100 cubic meters.

It is powered by one AFNE [State Shipyards and Naval Factories] Sulzer 8ZL 40/48 diesel, of 5,800 horsepower at 530 revolutions per minute, enabling the vessel to develop a speed of 14.5 knots.

It will be used for carrying light petroleum products along the coastline and on rivers.

5058

CSO: 3010

SALTO GRANDE COMMISSION STUDIES EROSION REPORTS

Buenos Aires LA NACION in Spanish 7 Feb 80 p 3

[Text] Salto, Uruguay (UPI). Erosion in the distribution area of the hydroelectric dam at Salto Grande is very considerable but not dangerous, according to a report by Gen Miguel Angel Viviani Rossi, Ret., Chairman of the Mixed Technical Commission of Salto Grande.

Members of that commission, headed by Viviani Rossi, briefed newsmen on the erosion detected during an inspection of the dam built jointly by Argentina and Uruguay on the Uruguay River.

Erosion affects 36 out of the 38 energy dissipation ducts whose function it is to reduce the fall of water coming out of the spillway and to prevent erosion in the river bed; this is a secondary structure which is independent of the dam structure as such and its electric energy generation system.

"This is not a dangerous problem," said Viviani, "although it is important and it will have to be solved, regardless of the cost."

He noted that the Commission is in the damage assessment phase now, to be followed by repair work and an investigation of the causes leading to that damage.

One of the presumed causes could be the fall, into the water, of one side of an 29-ton iron gate which was submerged for about 2 months before it could be pulled out.

A French engineer was hired and he will be followed by another foreign engineer to prepare a damage report and to suggest repairs.

Regarding electric energy output, which was not affected at all, Viviani said that the fourth turbine, turbine number 9, will be started up this coming week for a trial run. The third turbine, turbine number 10 will begin to generate energy on 26 February following the satisfactory completion of tests.

As for turbine number 12, the first to be ~~finished~~, it is currently not running so that the periodic routine examinations may be performed.

5058
CSO: 3010

RIVER FLEET TO BE TURNED OVER TO PRIVATE SECTOR

Buenos Aires LA NACION in Spanish 8 Feb 80 Sec 2 p 8

[Text] The river fleet of the government of Argentina, it was announced, is being prepared for complete return to private control through the intervention of its administration in the special commission which drafted the respective bills and regulatory decrees; it is believed that the final version of the bill will shortly be approved by the Executive Branch.

At the same time, for the purpose of providing better service designed to achieve greater economy, the enterprise moved ahead of schedule in selling the vessels used in passenger service and, as of 4 July of last year, it also stopped service between Buenos Aires and Montevideo, as a result of the fact that this line is not profitable. Besides, five tugboats were also taken out of the harbor tugboat service for the purpose of being broken up because their useful life has come to an end; regarding public service regarding the use of ferries, negotiations were continued regarding the regional setup for the operating crossings. At the same time, sales will also be handled in the company's port operations sector regarding winches and other smaller items, as well as the building of the delegation in Asuncion del Paraguay.

It was furthermore announced that the policy of holding expenses down was confirmed and that no further capital was requested, except for projects contracted for earlier with the Vicente Forte shipyard for the delivery of two pusher tugs; with the Anglo Argentino ship repair yard for the construction of a puller tug and a pusher tug; and with the Mestrina S.A. [Incorporated] shipyards which delivered one puller tug.

As far as personnel policy is concerned, and as a result of the rationalization of services, the company continued with the reduction in force which began in 1976. Apart from these measures, the company is continuing to render its traditional service.

5058
CSO: 3010

AUTO PRODUCTION FIGURES REGISTER DROP

Buenos Aires LA NACION in Spanish 2 Feb 80 p 6

[Text] For the second month in a row, there has been a decline in automotive industry activities revealing a drop of 27.7 percent last December. The industry produced 16,991 automotive vehicles as against 23,501 last November and 28,125 units in October. The output level in the last month of 1979 moreover was 3.2 percent lower than the 17,546 units produced by automotive enterprises in December 1978.

The total number of automobiles produced last December came to 12,397, indicating a decline of 26.9 percent compared to the figure of 16,948 in November. Commercial vehicles amounted to 4,594 units, in other words, 30 percent less.

The cumulative output for the 12 months of 1979 came to 252,882 automobiles, in other words, an increase of 41.1 percent over the figure of 179,160 units coming off the assembly line during 1978.

The finishing plants turned out 191,851 automobiles, in other words, 43.8 percent more than the figure of 133,416 units produced a year before. Looking at commercial vehicles, the production increase came to 33.4 percent since 61,031 vehicles were produced, as against 45,744 in 1978.

The automotive industry concessionaire companies reduced their business volume by 24.4 percent during the last month of last year. Shipments as a matter of fact added up 15,227 automobiles, as against 20,143 in November. The network of concessionaire companies received 11,434 automobiles, in other words, 21.0 percent less than the 14,470 units a month before. Commercial vehicle shipments in turn revealed a drop of 33.1 percent since shipments declined from 5,673 to 3,793 units between November and December, respectively.

Total shipments for 1979 added up to 249,684 units, showing an increase of 31.0 percent, compared to the figure of 190,559 in 1978.

Automotive vehicle exports showed a decline of 8.3 percent during December 1979, since only 722 units were shipped to the country's ports, as compared to the 787 units exported during the month of November before that. This nevertheless is an increase of 477.6 percent over the 125 vehicles sold abroad during the last month of 1978.

The total exported during 1979 however is 47.4 percent below the figures of a year ago. We exported 2,253 units as against 4,285 in 1978.

5058

CSO: 3010

BRIEFS

ATUCHA II IS 'NATIONAL INTEREST'--Buenos Aires, 5 Mar (TELAM)--The executive branch has declared of national interest the drafting of the work, the construction, the purchase of assets and services, the placing into service, reception, operation and maintenance of a second nuclear plant in the area called Atucha, Zarate County, Buenos Aires Province. The declaration also includes the auxiliary installations for the manufacture of nuclear fuels located at the Ezeiza atomic center, Esteban Echeverría County, Buenos Aires Province. Law No 22,179 establishes that the executive branch is authorized to allocate fund advances, with the obligation of reimbursement, that are needed during the course of the construction when the investment needs surpass the effective income of the assigned resources. The National Atomic Energy Commission is also authorized to negotiate credits through the Economy Ministry to obtain the necessary resources for these activities from national and foreign finance organizations and from international suppliers of assets and services. [Excerpt] [PY061552 Buenos Aires TELAM in Spanish 2251 GMT 5 Mar 80 PY]

DROUGHT DAMAGE--Bahia Blanca--Atmospheric conditions detrimental to the normal development of the farming activity in the region still persist, typified by high temperatures, strong winds and an almost total lack of rainfall during the past 55 days. The weekly report of the General Roca Railroad, relating to crops and livestock, mentions this fact, stating in its first paragraph: "The highly unfavorable weather conditions which have been present for several weeks have reduced the moisture in the soil to an alarming extent. Except for a few areas which benefited from the rain when it occurred, it may be said that the plowing and planting are at a standstill throughout the entire jurisdictional zone. It is hoped that there will be further abundant rainfall that will reverse this situation." It adds that the state of the sown land is poor, and that a sizable percentage of the forthcoming gross harvest has been lost because of the lack of rain. The pastures still allow for a natural feeding of the livestock, but their indexes of receptivity have been declining considerably. In some areas it has become necessary to resort to forage supplies. Finally, the State Railroad's report notes that the fattening of the livestock is still acceptable, but the lack of pastures has prompted the offer of many head of cattle in the fattening season market auctions. In this connection, it should be noted that an auction of 7,000 cattle has been announced within the next few days here in Villa Bordeu. Furthermore, the water supplies that are accumulated on the surface of the Paso de las Piedras dam have declined by 80 centimeters. [Text] [Buenos Aires LA NACION in Spanish 25 Feb 80 p 6] 2909

PINDLING UNVEILS MORE OF LAND POLICY

FLO41550 Nassau THE TRIBUNE in English 29 Feb 80 p 1 FL

[Text] Prime Minister Pindling unveiled more of his policy on the sale of Bahamian land to foreigners at the Bankers Club's first annual dinner meeting last night.

Mr Pindling said banking projects will be given the same "favourable consideration" as touristic and industrial ventures under the new policy, so long as they are beneficial to the Bahamas.

And he foreshadowed the establishment of a foreign investment board that would act as an "agency" to which all foreigners who want to buy Bahamian land for touristic, industrial, banking, or business purposes would apply for general approval.

Mr Pindling spelled-out steps for developing the Bahamas into an international financial centre. He said this scheme fits in "perfectly" with the land policy.

"Banking and finance now constitute such an important feature of our economy that, after due consideration, it has been removed from the general category of businesses which might be approved for their general contribution to the economy, and given a separate and proper standing in its own right," he announced.

"Hence, banking projects will be added to touristic and industrial projects as ones which will receive favourable consideration; and a banking project will include one which envisages and embraces the conduct in appropriate premises of large scale banking and financial services which enhance the stature and the reputation of the Bahamas as a financial centre."

Mr Pindling also disclosed that time-sharing and interval ownership of condominiums and townhouses will fall under the policy. He said the legislation "now being drafted will include and apply to long leases as well as to outright sales of unencumbered fee simple."

Interval ownership and time-sharing are really new ways of financing new construction by long leases which are subject to certain terms and condition, Mr Pindling said.

But he added that "certain persons" have attempted to get around the policy by using long leases.

He said an industrial project will include manufacturing or processing "or other similar enterprises," which contribute significantly to the diversification of the economy, the training of Bahamians in new skills and the transfer of technology to Bahamians.

The foreign investment board that the prime minister foreshadowed will institutionalise what is known as the National Economic Council.

Bahamians will be required to apply to the board for the purpose of "knowing in advance that the necessary exchange control approvals would flow if prior general approval had been given" for touristic projects which would involve land sales to foreigners, Mr Pindling said.

The board's functions will include:

--The review and assessment of major economic proposals to determine their general acceptability and their consistency with the overall social and economic objectives of the Bahamas, as well as;

--Passing on the general desirability of particular land development projects as they relate to the development of tourism, banking, industry and business.

Mr Pindling stressed it is his belief that the foreign reserves of the Bahamas will not suffer because of the policy, therefore, he said, the country's balance-of-payments position would not be affected either.

CSO: 3020

GALVEAS VIEWS INFLATION; RELATIONSHIP WITH NETTO, FIGUEIREDO

Rio de Janeiro MANCHETE in Portuguese 2 Feb 80 pp 116-119

[Interview with Finance Minister Ernane Galveas, at his home in Rio de Janeiro, by Murilo Melo Filho: "Galveas: 'Victory Over Inflation Is in Sight'"; date of interview not given]

[Text] Although acknowledging it is quite difficult to ignore Brazil's current crisis, the new finance minister, Mr Ernane Galveas, expresses optimism about the nation's future, asserting that victory over inflation is in sight:

"We have taken all measures to control it. The government has identified the basic causes of inflation and is attacking them directly."

Among those causes the finance minister mentioned public expenditures that did not appear in the federal budget, such as consumer subsidies and subsidized interest rates, which have been eliminated or reformulated; investment plans of public enterprises, which from now on will be carried out strictly according to available funds and avoiding excessive inflationary pressures; wage policy, revised by Congress in terms of an equitable law guaranteeing purchasing power of wages and incorporating productivity increases; agricultural supply, stimulated by massive investments in agriculture, the fruits of which should be apparent after coming harvests; deficit financing by states and municipalities which strained the federal government in 1979 and required massive issues of paper currency, and which also are substantially under control.

"What was left for the monetary authorities to do?" the finance minister asks and he himself replies:

"They still had to subdue the inflationary expectations permeating the thinking of consumers and businessmen, usually taking the form of continual and successive price increases resisted by no one. When a company is paying 70 to 80 percent interest a year and is preparing its budget forecasting an annual inflation rate of 70 to 80 percent, this creates expectations that are transformed into consummated facts and force monetary authorities

to go along with events, leading to greater money supply expansion so as not to cause a recession or unemployment.

"Now, however, the government has informed the nation that in 1980 inflation will be restricted by two parameters: monetary (ORTN [Readjustable National Treasury Bonds]) correction that will not exceed 45 percent and exchange devaluation that will not exceed 40 percent.

"These measures have the impact needed to subdue expectations of a rising inflation rate and thus practically eliminate a very important psychological point in fighting inflation. That leaves only one frontier, where the government's whole artillery will be concentrated: the monetary budget. If it is possible to limit monetary and credit expansion to about 50 percent, we shall have begun winning the battle of inflation in 1980. As these instruments are in our hands and as we have people who know how to use them, I believe there is every reason for my saying I am optimistic about the nation's economico-financial situation."

At the beginning of his exclusive interview with MANCHETE, the finance minister answers a question about whether he expected to become a cabinet officer:

"To tell the truth, no. I had already reached the goal of my professional career, which was presidency of the Central Bank, and I didn't even expect to return to that, as indeed happened. When the rumors about replacing [former Finance] Minister Rischbieter surfaced, I began to fear that I might succeed him, which also happened."

[Question] Where and when did your friendship with [Planning] Minister Delfim Netto begin?

[Answer] My acquaintanceship with Delfim began through reading an article published by the Sao Paulo Commodity Exchange. It then continued in the CONSPLAN [Planning Council] of Roberto Campos. There was no further contact, however, until the Costa e Silva government, when he asked me to serve as director of CACEX [Foreign Trade Department]. From that point on, we developed a firm friendship, being very similar in our way of thinking and our way of working. My admiration for him continued to increase as he displayed his administrative abilities. He called me and Nestor Jost, who was president of the Bank of Brazil, together and asked us to adopt a working style similar to his: to meet with Brazilian businessmen, listen to their problems and then try to resolve specific cases. He said: "There are no more than 500 important businessmen who come to our offices. If we respond to them, studying and solving their problems, we will be solving the economic problems of the country." He later asked me to become exchange director for the Central Bank, to establish the system of mini-devaluations. A little later, when Rui Leme left, he appointed me president of the Central Bank. The two of us then began working together 14 hours a day, dealing with all the national problems: agriculture, commodities, foreign trade, foreign loans and investments, fiscal policy, capital

markets. Every morning Delfim, Nestor Jost and I met to evaluate the course of events. It was the most absorbing period of my professional career. Everything was working out perfectly. Exports were growing rapidly, agriculture was prospering, the financial system was functioning with absolute perfection, with constantly declining interest rates and foreign capital pouring into the country at an amazing rate.

The current finance minister went on to recall that inflation was entirely under control: for 2 years it remained at 25 percent; for 2 more years, at 20 percent; and in 1972 it fell to 16 percent. At that time the goal set for 1973 was 12 percent inflation. President Medici made this commitment to [then Finance] Minister Delfim Netto and instructed all cabinet members that no public expenditures were to exceed that percentage.

The Price of Oil Quadrupled

"From January to July, we were winning the battle, with 12 percent inflation for the period. It looked as if we would complete the Medici government with all goals achieved, including a PIB [Gross Domestic Product] growth between 1967 and 1973 averaging about 10 percent annually, the highest in Brazil's economic history. The year ended with an inflation rate of 15 percent, because toward the end of 1973 OPEC discovered the power of petroleum. In January of 1974 they raised the price to \$2.25 a barrel; in April, to \$3.50; in June, to \$5.40; and in October, to \$10.50, quadrupling their prices. In their wake came the prices of other raw materials: copper, tin, nickel, wheat, soybeans, sugar. It was the escalation of international prices and the beginning of imported inflation, the rate of which went from 15 percent in 1973 to 35 percent in 1974. Furthermore, it undid all the work of consolidating the balance of payments, so that 1974 ended with imports of \$12 billion compared to \$6.2 billion the year before. Few countries would have withstood the impact of having their imports doubled from 1 year to the next. Brazil withstood it. But it had to pay a very high price for maintaining a normal domestic economy: inflation began an increasing escalation and the foreign debt we incurred to cover deficits in the balance of payments reached 45 billion cruzeiros [sic; dollars?] by the end of 1979."

[Question] What is your relationship with President Figueiredo?

[Answer] I met him when I was president of the Central Bank, from 1967 to 1974. Although we did not at that time have a close friendship, I had opportunity to observe the firm, frank and loyal way he dealt with matters under his control. We occasionally traveled together on missions with President Medici. We got along very well together and he always treated me very cordially. When I returned to the Central Bank in August of 1979, he treated me as though we had never been apart. And now, in appointing me as finance minister, he has made a point of stressing that he received strong recommendations favoring me for that position from Ministers Golbery and Delfim and other members of the government. He expressed his satisfaction in learning that all these suggestions coincided with the

choice he had already made. This increased my responsibility to the president, in the sense of doing everything to increase the unity of his government and work for the goals he announced in his directives of March 1979.

Asked whether President Figueiredo had given him any special recommendation, he replied:

"He did. When I was talking with him about choosing my immediate advisers, the president told me I would be free to appoint whomever I wanted. The only recommendation he made to me was: 'Work closely with Delfim, so that you say the same things to the press and to the public. In this way you will be creating the image of my government's unity. One of the slaves to that unity is the president of the republic himself.'"

Team of Advisers Chosen

[Question] Who are those advisers?

[Answer] Just a few: secretary general of the Finance Ministry, Eduardo Carvalho; Federal Revenue Secretary Francisco Dornelles; office chief, Antonio Berardinelli; attorney general of the Finance Ministry, Cid Heraclito Queiroz. Mr Carlos Langoni is president of the Central Bank. Oswaldo Colin and Gil Macieira remain as presidents of the Bank of Brazil and the Savings Bank, respectively. Most of the department heads under them remain in their posts. I haven't made a firm decision yet about COBEC [Brazilian Warehouses and Trade Company], because I intend to introduce some important changes in its structure and objectives. I intend to conduct the National Monetary Council, which is one of the nation's most important bodies, in the same way it was conducted previously. The same should occur with CONCEX [National Council on Foreign Trade], where my biggest concern is the lack of coordination between its secretary general and the CACEX director.

Speaking later about the possible disagreements between Minister Rischbieter and Delfim Netto, Mr Galveas said:

"Rischbieter didn't really have any problem getting along with the planning minister or any of the other ministers in the economic area. But the fact is that some in the second echelon of the Finance Ministry did not acquiesce to the transfer of duties from one area to another. He wasn't able to get the two ministries to work together; the problem was less between the two ministers than between the two second echelons."

[Question] What were the main points of these disagreements?

[Answer] I wouldn't say that there were any points of disagreement. In the course of restructuring the Planning Secretariat, several functions were transferred from the Finance Ministry, dealing mainly with commodities and prices, control of public expenditures and foreign trade. Every time a transfer was made in any of these areas, a great clamor arose in the

second echelon of the Finance Ministry about taking away its functions, which was not really true. The only transfer that Finance Minister Rischbieter opposed was that of General Federal Accounting, which was taken over by the SEPLAN [Planning Secretariat] toward the end of 1979. He considered the other changes acceptable, so long as administration of fiscal policy, the balance of payments and the monetary budget remained clearly the authority of the Finance Ministry.

Mr Ernane Galveas then spoke about the greater unity there will be from now on in command of economic and financial policy:

"My experience as president of the Central Bank convinced me that this could be done. Acting as an arm of the Finance Ministry, I felt that the government's unity in economics and finance was growing rapidly. As head of the Finance Ministry, I will now be in a better position to help the Central Bank, the Bank of Brazil and the Federal Savings Bank operate within this same concept of unity."

[Question] What are the most urgent and important problems you will have to face?

[Answer] I am most concerned about the problem of inflation, which has reached levels that Brazilian society cannot withstand. I am also worried about the balance of payments, because of the effect that foreign-debt service will have upon it.

In regard to his major objectives as finance minister, Mr Ernane Galveas said:

"My main objective will be to struggle, through the Finance Ministry, to substantially reduce inflation in the year 1980. It is something that must be conducted with the planning minister, working as a team and having the collaboration of all the other ministries and government agencies. It is a task that will require work and attention 24 hours a day, since we have made a commitment to the nation that monetary correction will not exceed 45 percent this year. I intend to focus on the balance of payments, especially in regard to export expansion, with the objective--which is becoming an obsession--of increasing exports this year by \$5 billion. From that point on, the goals set for the following years, especially that of \$40 billion in nominal terms by 1985, will be much easier tasks than those of this first year."

[Question] Is there any program for aid to small and medium-sized business?

[Answer] We now have a long list of measures to strengthen the structure of small and medium-sized business, creating conditions favorable to their growth. Several of these measures had been taken in the area of commerce and industry. In recent months some measures of this same sort have been adopted to strengthen small and medium-sized rural producers.

[Question] Is there any strategy to lower interest rates?

[Answer] The policy we call "flexible administration of interest rates" has been outlined and is in operation. The financial system has been complying with the decisions of the Central Bank and the National Monetary Council. The measures announced on 16 January, limiting monetary correction to 45 percent and exchange-rate devaluation to 40 percent for this year, served to subdue inflationary expectations. On that basis, I am confident inflation will be reduced and, to the extent that it is, interest rates will also fall.

Asked whether the foreign debt of \$50 billion does not worry him, the finance minister replied: "Of course it worries me. It is a debt accumulated under the force of circumstances and made urgent by the need to prevent external recession from causing slower activity and unemployment in Brazil. About 20 percent of that debt is deposited in the form of reserves, which to a large extent reduces its significance. Formulating the problem, however, is not difficult, as long as we are able to operate within two parameters: the first is that exports grow more rapidly than debt service; the second is that the ratio between foreign debt and the sum of exports and capital inflow not exceed 2.5. From now on we are going to improve on that ratio."

[Question] Won't this debt discourage foreign capital?

[Answer] I do not believe that can happen. First, because Brazil has established an excellent relationship between its banks and foreign banks since 1966, when we passed Resolution 63. There are very few countries that get along with the outside world as well as does Brazil. Second, because our nation has never failed to honor a single one of its commitments administered by the Central Bank, as not a dollar enters Brazil for financing or investment without being registered in the Central Bank. This gives foreign creditors a feeling of security with the result that, besides the credit for which the borrower is responsible, the presence of the government through the Central Bank is like collateral security. In the third place, the Brazilian economy continues to grow and progress, as do few countries in the world. This expanding economy arouses the interest of the financial world, which is surrounded today by a large number of countries without economic viability. Brazil today is still the best investment alternative in the international context. The flow of funds to Brazil is unlikely to be reduced, since rising rates of international liquidity are assured: liquidity continues abundant as long as OPEC countries increase their deposits in international banks at a rate of \$60 billion a year, which happened in 1979 and will happen again in 1980. These funds have no way to leave the international system. To the extent that there is less investment demand from European countries experiencing recession, that money will flow to some place such as Brazil.

FIGUEIREDO APPROVES 1980 BUDGETS FOR STATE ENTERPRISES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Feb 80 p 34

[Text] Brasilia--At a meeting of the CDE [Economic Development Council] yesterday, President Figueiredo approved the recommendation of the planning and finance ministers setting total expenditures by the 60 largest state enterprises and their 153 subsidiaries at 3.184 trillion cruzeiros this year, 36 percent of it--1.147 trillion cruzeiros--comprising investments.

Compared to the 500.114 billion cruzeiros allocated for state-enterprise investments last year, the appropriations this year represent an increase of 129.34 percent, which is an increase in real terms after allowing for a 77.2 percent rate of inflation and a 103 percent devaluation of the cruzeiro.

The president also set an overall limit of \$3.3 billion on imports by state companies--compared to \$4 billion in 1979--plus 10.3 billion cruzeiros for commercial leasing, rental or purchase in the domestic market of goods originating abroad.

Of the \$3.3 billion in authorized imports, \$2.56 billion is designated for the PETROBRAS [Brazilian Petroleum Corporation], SIDERBRAS [Brazilian Iron and Steel Corporation] and ELETROBRAS [Brazilian Electric Power Companies, Inc] groups, ACESITA [expansion unknown], SIDERAMA [Amazon Iron and Steel Company] and the Roraima and Rondonia Power Companies. The remainder is distributed among the ministries, with the largest shares going to the Air, Mines and Energy, and Transport ministries.

Equilibrium

For the first time, the government submitted an overall budget of state enterprises, including capital expenditures and operating costs, and their consolidation requires total disbursements to be exactly equal to planned and specified receipts.

In the capital budget of 1.147 trillion cruzeiros, company funds total 449 billion cruzeiros; Treasury funds, 257 billion cruzeiros; domestic credit, 126 billion cruzeiros; foreign credit in currency, 156.8 billion

cruzeiros; and credit from suppliers, 157.4 billion cruzeiros. Thus, in the form of financial and equipment loans, 314 billion cruzeiros will come from abroad.

New investment will total 687.8 billion cruzeiros; financed goods and services, 157.4 billion cruzeiros; repayment of foreign loans, 242.1 billion cruzeiros; and repayment of domestic loans, 59.8 billion cruzeiros.

In the breakdown by ministry, the largest amount--41.69 percent--goes to the Mines and Energy Ministry, followed by Welfare and Social Security with 17.14 percent, Industry and Commerce with 12.6 percent, Finance with 10.8 percent and Communications with 5.9 percent.

In their proposal, the planning and finance ministers justified the restraint by saying it is intended to bring expenditures by state enterprises into line with directives and priorities of the 3d PND [National Development Plan] while also stimulating them to use their own resources more intensively.

According to their statement of purposes, it is also designed to reduce dependency of state enterprises on outside funds, especially foreign loans, thus reducing their operating deficit, one of the causes of high inflation. Thus, 40 percent of capital expenditures are to be generated from company funds; 22 percent, from Treasury funds, and 13.7 percent from financed goods and services, leaving only 11 percent to be raised by domestic credit and 13.7 percent to be borrowed in foreign currency.

Expenditures by State Enterprises

Among the decisions made at yesterday's meeting, President Joao Figueiredo limited total expenditures by federal-government enterprises in fiscal 1980 to 3.184 trillion cruzeiros. Of this amount, 1.147 trillion cruzeiros represent investments.

These figures refer to the 60 largest federal government enterprises and their subsidiaries--a total of 213 companies--whose expenditures represent about 85 percent of total disbursements by state enterprises.

The consolidated report by Planning Minister Delfim Netto and Finance Minister Ernane Galveas--the first ever made in the federal government--provides for total expenditures to be exactly equal to expected and clearly defined receipts.

The amount of foreign borrowing is now about 30 percent less than the expected amount of foreign interest and principal payments.

President Joao Figueiredo also approved the distribution proposed by the planning and finance ministers for expenditures by each enterprise according to an annex of the report.

The president's decision has, among other objectives, that of harmonizing state-enterprise expenditures with directives and priorities of the 3d PND.

The government also seeks to redirect financial and managerial policy of these enterprises toward more intensive use of their own funds and greater efficiency. According to the table submitted by the cabinet officials, operational and nonoperational company receipts represent about 80 percent of the total funds of the state enterprises.

The government also seeks to reduce the dependency of state enterprises on outside funds (financing and loans) and National Treasury transfer payments. According to the figures approved by the president, foreign and domestic financing and Treasury appropriations represent only 20 percent of total expenditures.

Approval by President Joao Figueiredo of these aggregate and individual limits also seeks to assure the public sector of the economy investment levels sufficient to maintain its growth and continue its priority programs. This must be done, the planning and treasury ministers stress, without losing sight of the need to create new jobs and "avoid aggravating inflationary pressures and deterioration in the profile of the debt--especially the foreign debt."

In another measure taken during the CDE meeting yesterday, President Joao Figueiredo set aggregate and sectoral limits for foreign borrowing by the public sector in 1980.

Other Matters

In the part of the meeting reserved for other business, Interior Minister Mario Andreazza submitted a report to the president of the republic about flooding on the Sao Francisco River. According to the interior minister, final solution of the problem will require large-scale public works, not only on the Sao Francisco itself but also on its main tributaries: the Velhas, Urucuia and Paracatu rivers.

These works will consist of integrated projects for dams, power generation, navigation, irrigation, flood control, livestock and farming, fishing and other activities.

Expenditures by Ministry

	Millions of Cruzeiros
Air Ministry:	
ARSA [Rio de Janeiro Airports, Inc]	5,426.7
EMBRAER [Brazilian Aeronautics Company]	9,231.4
INFRAERO [Brazilian Airport Support Enterprise]	1,986.7
Civil Aviation	1,539.0
Total	18,183.8

Expenditures by Ministry [continued]

Millions of Cruzeiros

Agriculture Ministry:

CEPLAC [Executive Commission for the Cocoa Production Plan]	4,716.1
CIBRAZEM [Brazilian Warehousing Company]	1,948.7
COBAL [Brazilian Foods Company]	32,705.2
EMBRAPA [Brazilian Agriculture and Livestock Research Enterprise]	4,450.2
EMBRATER [Brazilian Rural Extension and Technical Assistance Enterprise]	4,518.1
IBDF [Brazilian Forestry Development Institute]	1,111.0
INCRA [National Land Reform and Settlement Institute]	5,610.4
SUDEPE [Superintendency for Development of the Fishing Industry]	627.2
SUNAB [National Superintendency of Supplies]	518.7
Total	56,205.6

Communications Ministry:

TELEBRAS [Brazilian Telecommunications, Inc]	168,348.3
ECT [Postal and Telegraph Company]	20,868.7
Total	189,217.0

Ministry of Education and Culture:

EMBRAFILME [Brazilian Film Company]	698.4
Universities	34,835.0
Total	35,533.4

Army Ministry:

IMBEL [Ordnance Industry]	1,456.5
Total	1,456.5

Finance Ministry:

IRB [Brazilian Reinsurance Institute]	24,791.7
ACESITA [expansion unknown]	39,396.9
BACEN [Central Bank]	63,564.5
CVM [Equity Shares Commission]	439.8
CEF [Federal Savings Bank]	52,514.7
Bank of Brazil	164,146.0
Total	344,853.6

Ministry of Industry and Commerce:

SUDHEVEA [Superintendency of the Rubber Industry]	3,552.8
IAA [Sugar and Alcohol Institute]	44,367.3
IBC [Brazilian Coffee Institute]	4,230.5
ALCANORTE [expansion unknown]	2,129.2
CNA [National Alcohol Commission]	5,706.5
SIDERBRAS	298,792.6
EMBRATUR [Brazilian Tourism Company]	390.3
BNDE [National Economic Development Bank]	42,989.6
Total	402,158.8

Expenditures by Ministry [continued]

Millions of Cruzeiros

Interior Ministry:

DNOS [National Department of Works and Sanitation]	3,936.6
DNOCS [National Drought Control Department]	3,847.0
FUNAI [National Indian Foundation]	920.0
Rondon Federal Project	440.5
CODEVASF [Sao Francisco Valley Development Company]	2,283.0
SUDAM [Superintendency for Development of the Amazon Region]	531.0
SUDENE [Superintendency for Development of the Northeast]	2,275.7
BNH [National Housing Bank]	40,758.1
Total	54,991.9

Ministry of Mines and Energy:

ELETRONAS	358,461.1
Itaipu	61,366.8
PETROBRAS	750,435.0
NUCLEBRAS [Brazilian Nuclear Corporations]	15,118.6
CVRD [Rio Doce Valley Company]	137,567.0
CPRM [Mineral resources Prospecting Company]	4,957.7
Total	1,327,906.2

Welfare and Social Security Ministry:

SIMPAS [expansion unknown]	542,474.0
CEME [Central Enterprise for Medicines]	3,560.0
Total	546,034.0

Ministry of Health:

FIOCRUZ [expansion unknown]	1,393.5
FSESP [Special Public Health Service Foundation]	2,946.0
INAN [National Food and Nutrition Institute]	1,935.7
SUCAM [Superintendency for Public Health Campaigns]	3,687.6
Total	9,962.8

Transportation Ministry:

DNER [National Highway Department]	57,050.4
PORTOBRAS [Brazilian Ports Enterprise]	19,349.9
SUNAMAM [National Merchant Marine Superintendency]	35,308.4
RFFSA [Federal Railway Network, Inc]	91,725.3
EBTU [Brazilian Urban Transport Company]	12,116.4
Total	215,550.4

Mass Media Secretariat:

RADIOBRAS [Brazilian Radiobroadcasting Company]	796.5
Total	796.5

Planning Secretariat:

CNPq [National Scientific and Technological Development Council]	4,362.1
FINEP [Funding Authority for Studies and Projects]	7,454.7
Total	11,816.8

Expenditures by Ministry [continued]

	Millions of Cruzeiros
Subtotal	3,214,667.3
Financial Transfers	(30,178.8)
Grand Total	3,184,488.5

Limits on Imports

President Joao Figueiredo approved the statement of intent by the planning and finance ministers establishing aggregate limits for imports to be made in 1980 by agencies and entities under direct or indirect federal administration and by supervised foundations. The approved ceilings consist of:

--\$3.3 billion for direct imports;

--10.3 billion cruzeiros for commercial leasing, rental or purchase in the domestic market of goods originating abroad.

The amounts adopted today by decision of the president represent 80 percent of the ceilings established for 1979. They do not include imports relating to the steel, electric-power and petroleum areas, which are as follows:

	Direct Imports (Millions of dollars)	Domestic Market (Millions of cruzeiros)
PETROBRAS Group	\$ 613	714.8
SIDERBRAS Group	1,358	810.1
ELETRONBRAS Group	407	792.8
ACESITA	162	103.9
SIDERAMA	12	-
Roraima Power Company	1.6	43.8
Rondonia Power Company	7.1	-

Note: The totals above are included in the aggregate limits mentioned in the first paragraph.

Annex

Limits for direct imports and for purchases or lease of foreign products in the domestic market by the federal public sector in 1980:

	Direct Imports (Thousands of dollars)	Domestic Market (Thousands of cruzeiros)
01. Air Ministry	134,860	214,700
02. Agriculture Ministry	7,760	172,060
03. Communications Ministry	69,380	866,410
04. Ministry of Education and Culture	5,920	390,550
05. Army Ministry	17,180	240,220
06. Finance Ministry	26,860	2,086,820
07. Ministry of Industry and Commerce	3,110	108,520
08. Interior Ministry	6,190	332,660
09. Justice Ministry	910	67,430
10. Navy Ministry	90,090	67,940
11. Ministry of Mines and Energy	167,470	717,050
12. Welfare and Social Security Ministry	14,540	1,381,320
13. Foreign Relations Ministry	140	36,920
14. Health Ministry	6,880	130,950
15. Labor Ministry	60	36,000
16. Transportation Ministry	164,820	484,540
17. Planning Secretariat	8,530	294,490
18. Office of the President	10	3,140
19. National Security Council	--	410
20. National Intelligence Service	120	9,650
21. Armed Forces General Staff	60	11,210
22. Public Service Administrative Department	--	1,150
23. Mass Media Secretariat	1,200	9,380
24. Vice President of the Republic	--	160
25. Advisory Service of the Republic	--	290
26. Government of the Federal District	1,870	172,030
TOTAL	727,960	7,836,010

Imports of Electronic Computer Parts, Components and Software--Limits for 1980

The president of the republic approved a statement of intent by the planning and finance ministers establishing an aggregate limit of \$180 million on imports for the electronic computation sector to be adhered to by the Special Information Processing Secretariat (SEI).

Not included under this limit are amounts related to imported parts and components to be used in manufacturing equipment for export, or disks, magnetic tapes and control panels for electronic computer systems operated by the SEI and the Bank of Brazil Foreign Trade Department (CACEX).

Investment Funds

In response to a statement of intent by the planning, finance and agriculture ministers, the president of the republic approved changes in the budgets of regional and sectoral investment funds as listed below.

A) Subscription, on the terms of Paragraph 1 of Article 4 of Decree-Law No 1376, of 12 December 1974, of 813.5 million cruzeiros in FINOR [North-east Investments Fund] shares, using fiscal-incentive funds designated for Fiset [expansion unknown]--reforestation;

B) Inclusion in the Fiset--Reforestation budget of fiscal-incentive funds designated for this fund that exceed the limit established by CDE Resolution No 06/79, after making the subscription referred to in Item A (900 million cruzeiros);

C) Incorporation in the FINAM [expansion unknown] and Fiset--Tourism budgets of fiscal-incentive monies designated for these funds and that exceed the limits established in CDE Resolution No 06/79 (151.6 million cruzeiros and 70.8 million cruzeiros, respectively);

D) Utilization of funds included in the budgetary reserve of FINAM and Fiset--Tourism established on the terms of Item VI of Resolution No 06/79.

PIN and PROTERRA

Another statement of intent approved by the president of the republic concerns allocation of 10 billion cruzeiros in PIN (National Integration Program) and PROTERRA (Land Redistribution and Agricultural and Livestock Incentive Program for the Northeast and North) funds to various programs of national interest. The statement of intent signed by the planning, finance, agriculture and interior ministers and approved by the president allocates PIN and PROTERRA funds to the following special programs for regional development:

	PIN	PROTERRA	TOTAL
	(Millions of cruzeiros)		
Program for Agriculture-Livestock and Agriculture-Mineral Poles of the Amazon Region (POLAMAZONIA)	1,400.0	2,100.0	3,500.0
Program for Development of Integrated Areas of the Northeast (POLONORDESTE)	1,800.0	2,900.0	4,700.0
Program for Development of Northeast Agro-industry	---	300.0	300.0
Special Aid Program for Development of the Northeast Semi-Arid Region (Sertanejo Project)	---	1,500.0	1,500.0
Program for Socio-Economic Recovery of Northeast Para (PRONORPAR)	---	100.0	100.0
Special Program for Developing Regional Infrastructure for the Aluminum Complex ALBRAS/ALUNORTE	400.0	---	400.0
TOTAL	3,600.0	6,900.0	10,500.0

Income and Expenses in 1980

Billions of Cruzeiros

Funds:

1. Company funds:	
A. Reinvested profits	328.6
B. Nonoperational Income	151.3
C. Intercompany transfers	(30.2)
2. Treasury funds	257.2
3. Domestic credit	126.1
4. Foreign credit--currency	156.8
5. Financed goods and services	<u>157.4</u>
TOTAL	1,147.2

Expenses:

1. Investments during year	687.8
2. Financed goods and services	157.4
3. Repayment of foreign financing	242.1
4. Repayment of domestic financing	<u>59.9</u>
TOTAL	1,147.2

8834

CSO: 3001

FOREIGN MINISTER VIEWS ACCORD WITH FRG, U.S. PRESSURES

PY041946 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Mar 80 p 8 PY

[Interview with Ramiro Saraiva Guerreiro, Brazilian foreign minister, by O ESTADO DE SAO PAULO Journalists Carlos Chagas, Walder de Goes, Laura Fonseca and Carlos Conde--date and place not given]

[Excerpts] [Question] How do you view the nuclear accord between the FRG and Brazil? Can the conclusions of the INFCE--International Nuclear Fuel Cycle Evaluation Conference [as published--against transferring nuclear technology to developing countries lead to new international pressures?

[Answer] The conclusions of the various working groups of the INFCE are highly qualified, as the nature of the issue requires. There is, in fact, some emphasis that developing nations should have nuclear technology only if there is a big enough market. That exploitation of uranium should be their first priority in the nuclear field.

These conclusions are somewhat biased. For example: They indicate that to be economically feasible a nuclear powerplant should produce 600 mw, and that its power output should be equivalent to at least 10 percent of the overall power output of the country. This means that a country with less than 6 million kw cannot justify having a reactor. Obviously, these are general recommendations which should be viewed with some reservations because they will not fulfill the needs of every country.

I think that Brazil's overall installed capacity for the production of power is 30 million kw. It is estimated that by the end of the administration this figure will rise to 50 million kw. For this very reason we could justify having nuclear reactors. As far as access to technology is concerned, each case should be considered individually. It does not make any sense to establish abstract formulas which would give rise to a policy of not giving developing countries access to nuclear technology. Some countries may be able to justify a nuclear plant and others may not. However, we do not believe that it is right to draw conclusions about the nature of the international nuclear policy.

[Question] When the German intellectuals discuss the [Brazil] nuclear accord and its feasibility, they tie it to Brazil's paying and importing capabilities and its current economic status. Do you believe that this could become a restricting element for the accord?

[Answer] I believe that the nuclear program is not overexpanded for Brazil's capabilities, for what the country will be in 15 or 30 years. On the contrary, I believe that program is in perfect keeping with our status and the foreign situation. It is obvious that on a year-to-year basis there will be times when this program will look too large; there will be some years when the balance of payments is in bad shape. However, neither the Germans nor we believe that a program of this kind could abide by a mathematically perfect schedule, regardless of whether it is implemented with our own means or with foreign cooperation. This, however, is not something which can weaken the justification for the program and its implementation. Brazil is a trustworthy partner; it would never repeal an agreement unless there was mutual agreement with the other party.

[Question] This problem of the program, which is ever increasingly behind schedule, is once again giving rise to claims that Brazil is importing a technology which will be obsolete in a very short time. Since the work is behind schedule, it will become obsolete even sooner. How do you view this problem?

[Answer] This does not seem to me a valid reason, because the various technological innovations take a long time before they can be effectively applied to industry. We are so backward that any reduction of the gap between us and the countries that have the most modern technology is always advantageous, because it is very difficult for a country to attain the most advanced phases of technology without first going through the preceding ones.

[Question] Do you believe that U.S. pressures against the accord have been discontinued or just postponed?

[Answer] Our relations with the United States in connection with this issue, as well as other matters, are very good. We have no specific problem at this point. We must not worry about speculations which have no practical effect on the relations between the two countries.

[PY042035] [Question] Could democratization in Brazil lead to some diplomatic rapprochement with Cuba, or is such a move altogether ruled out of Brazil's foreign policy?

[Answer] Regarding relations with Cuba, I have said that whenever there is a common interest we talk with the Cubans normally. Such was the case regarding the international sugar market. We do the same thing in regional groups when questions under discussion refer to developing countries, whether the discussion is in Geneva or New York.

Relations evolve as time passes. Nothing is unchangeable through the passage of time, and so I do not see much sense in saying today that we will have

relations with Cuba in such and such a situation or that we will not. We are not making a list of prerequisites in that sense. We will cross that bridge when we come to it.

[Question] The upcoming visit of President Figueiredo to Argentina looks promising. But at the same time Brazilian military circles are opposed to the purchase of gas from Argentina and look askance at nuclear cooperation because they feel that risks to national security would be involved. How does Itamaraty view this new state of relations with Argentina in terms of potential benefits as well as in terms of potential risks?

[Answer] We believe that the relations between the two countries are important for each of them, important for the region and important even outside the region. It is in the interests of both countries that such relations become ever more concrete, and that both countries exploit existing opportunities in ways fully accepted by both Brazil and Argentina. We are not thinking of concluding any particular agreement, of obtaining a momentary dramatic success or anything like that. We are thinking about the medium and long terms, about the need for the two countries to develop their potential for cooperation so as to create peace, mutual confidence and security in the region, regardless of momentary situations. This should serve the interests of the two countries. This is how we feel, and so the trip of President Figueiredo will be an important landmark in the relations between the two countries. It will be a very positive and constructive landmark. The trip's aim is not to join forces against anybody, but to benefit our countries and indirectly to benefit all the others. But no matter how important and significant that visit is, it will not be the beginning or the end of everything. The trip will above all be a manifestation of that spirit, which is identical to the spirit of the Argentine government and the majority of the Argentine public.

[Question] Are you aware of any attitude, any reluctance on the part of the Argentine or Brazilian military, hindering the free development of that process?

[Answer] On the contrary, in all the contacts that I have had with Brazilian military ministers I have noticed a great deal of acceptance and a total lack of reservations regarding Brazil's policy toward Argentina.

[Question] On the Argentine side also?

[Answer] I believe so, because signals can be seen. But this does not mean that we are saying "hooray, hooray" to everything, if you will excuse my using that word. The two countries are complex and responsible, and they will do things seriously.

[Question] The United States has suggested that Brazil participate more actively on the international scene. The Americans have said that Brazil has acted reluctantly on that suggestion. What do they mean by more active participation? Would the reluctance on Brazil's part result from fear that its actions on the international scene might be confused with interventionism?

[Answer] We periodically talk with the Americans in a normal way. I met with Secretary of State Cyrus Vance last September in New York, during the UN assembly.

We have regular meetings of planning experts and politicians. We talk through the normal diplomatic channels, exchanging information. I have never noticed any concern on the part of the Americans about a Brazilian reluctance. There has been a high degree of mutual understanding about the situation of each country. In fact, we do not have any preestablished position, whether of activism or noninvolvement. But we do have an honest concern about the observance of principles which, as far as we are concerned, are not only ethical principles but dictates of historical experience. Those principles are enshrined in the UN charter: Self-determination, nonintervention, respect for territorial integrity, and respect for international treaties. Whenever we stray from these principles, peace is threatened and damage results for everyone, even for those who thought they stood to gain by violating those principles.

[PY042141] [Question] How much does the president of the republic participate in establishing foreign policy, and how much does the so-called government palace group influence foreign policy?

[Answer] The foreign policy is defined by the president: He makes the final decisions. The others are only advisers. I am the main adviser in foreign policy affairs, and I feel comfortable in that position. This does not mean that no other government official has any interest or any obligation to be informed and to express his opinion to the president--not only on foreign policy but on other matters as well, in accordance with his area of competence. I myself speak with all the ministers.

[Question] There is a study by Itamaraty which is included in CONCEX [National Council on Foreign Trade], proposing a new foreign policy strategy toward Eastern Europe--the so-called "linked operations" [operacoes casadas]--as a means of expanding trade relations and establishing positive balances in our favor. Would this involve a need to correct the direction of Brazilian purchases? Would this involve, for example, instead of buying a ship from Spain buying it from Poland? Does Itamaraty feel that this is feasible?

[Answer] The process is not that mechanical. Truthfully, we engage in multilateral trade, and we will continue to do so; and as far as I know, there is neither here nor in any other government sector any intention to alter any bilateral relations, not only in Eastern Europe but in general. If a country has a chronic deficit in relation to a trading partner, the tendency is to diversify and purchase more from the countries to which it sells more. This is not carried out strictly, but it is a common practice. In the case of the East European countries, where trade is centralized, that kind of reaction is much easier. Year after year, Brazil has maintained considerable surpluses with Eastern Europe. It is natural, therefore, to make an effort to increase the total volume of that trade.

"Linked operations" are not mechanically dictated: they are an option. The question is finding an opportunity where making a purchase also acts to facilitate the sale of an additional Brazilian product. We must look hard for those possibilities and find them. This is essentially the idea, although they are not really linked in the sense of a formal bond between one and the other.

[Question] And regarding problems in southern Africa, namely, the problem of Rhodesia and the incursions by South Africa into such countries as Zambia and Mozambique, could not Brazil take a more firm position in this regard?

[Answer] Except for the publicly announced and sincerely stated position of our foreign policy, I do not think there is much we can do. On every occasion we have taken an emphatic public position, whether in international forums or in a unilateral declaration. We recently expressed concern about incursions from South Africa into Mozambique. We have talked with African leaders, and they have said that they understand and are satisfied with the Brazilian position which, by the way, cannot be any different. Brazil's position is firm, without qualifications or shades.

[Question] But the Africans criticize Brazil's growing trade with South Africa and the Varig flights to Johannesburg.

[Answer] It must be understood that regarding transport and trade we are not concealing anything, nor are we taking the opportunity to expand our exports to South Africa. We already maintain an attitude of restraint in that regard. We are just maintaining things that existed before, because eliminating them would be unproductive and negative for us and useless for the Africans. A complete elimination of contacts with South Africa would have no greater effect as far as defining Brazil's foreign policy toward the problems of Africa.

CSO: 3001

RELATIONS WITH SAUDI ARABIA STRESSED

PY051705 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Feb 80 p 5 PY

[Text] Brasilia--On being honored with a luncheon given by Itamaraty at the end of his 6-year tour in Brazil, Saudi Arabian Ambassador to Brasilia Nammur Qabbani stated yesterday that Saudi Arabia "appreciates very much" the Brazilian position regarding the Middle East problem, "especially regarding the Palestine issue, which is the principal problem in the region."

Qabbani said that Saudi Arabia gives importance to the Brazilian position, "especially in reference to Brazil's recognition of the Palestine people's rights to self-determination, to return to their fatherland and to establish their free and independent state, and to Brazil's recognition of the Palestine Liberation Organization as the only legal representative of the Palestine people." He said he is convinced that "the just struggle of the brotherly Palestine people, supported by the Arab and Muslim states and peoples and counting on the positions of solidarity of friendly countries such as Brazil, will fulfill its legitimate aspirations."

The Saudi ambassador, who received the grand national order of the southern cross, pointed out areas of agreement in Saudi Arabia's and Brazil's general positions, especially regarding the sovereignty and independence of nations and noninterference in domestic affairs and the peaceful solution of international problems. He noted that relations between Brazil and Saudi Arabia are recently established, in 1973, "but that they are based on solid foundations of friendship and mutual respect."

In his speech greeting the Saudi ambassador, Foreign Minister Saraiva Guerreiro praised his conciliatory spirit: "In all these years of increasing rapprochement between our countries, your excellency has acted with diligence and zeal, a good sense of opportunity and professional awareness, guiding, counseling, foreseeing and solving difficulties, and carrying out a high-level coordination, which is the very essence of diplomatic relations."

Saraiva Guerreiro also stressed some aspects of the rapprochement with Saudi Arabia such as the implementation of the economic and technical cooperation agreement signed in Jiddah in April 1979, the meeting of the joint

commission in that same city in 1979 and the possibility of a new meeting in Brasilia, the visit of Finance Minister Shaykh Muhammad al-Ali Aba al Khayl and of Agriculture Minister 'Abd al-Rahman ibd 'Abd al-'Aziz ibn Hasan, and the visits of Minister Delfim Neto and of the "business delegation headed by Governor Paulo Salim Maluf."

CSO: 3001

BRASPETRO DELEGATION TO NEGOTIATE RISK CONTRACT IN PRC

Trade Prospects Considered Significant

Rio de Janeiro O GLOBO in Portuguese 4 Feb 80 p 13

[Text] Brasilia--BRASPETRO [PETROBRAS [Brazilian Petroleum Corporation] International, Inc] is likely to explore for petroleum in China. The company will send a mission in April to negotiate signing of a risk contract with the Chinese government. Signing of the contract is considered by the Brazilian government as practically guaranteed.

Brazilian authorities intend to initiate a strong offensive this year to increase exports to China. PETROBRAS will try to sign a contract to increase petroleum supplies for Brazil, currently 20,000 barrels daily.

Foreign Relations Minister Saraiva Guerreiro this week will invite Mario Garnero, president of the National Association of Automobile Manufacturers (ANFAVEA), to organize and head a mission of Brazilian businessmen to Peking. The mission should leave in March or the beginning of April.

A Chinese-government delegation will come to Brazil during the first half of the year to arrange details of new contracts for importing Brazilian products, including sugar, soybeans, seamless steel tubing and pig iron.

The Brazilian government also noted China's interest in acquiring Brazilian ordnance materiel, especially combat vehicles made by ENGESA [Specialized Engineers, Inc].

Hydroelectric Plants

Itamaraty [Foreign Relations Ministry] and the Ministry of Industry and Commerce attach great importance to the prospects for trade with China and have been alerting Brazilian business groups with experience in hydroelectric plant construction.

The Chinese intend to build the world's largest hydroelectric plant on the Yangtze River and the Brazilian experience on the Itaipu project makes our entrepreneurs qualified to carry out such a task.

From the timid Brazil-China trade agreement signed in January 1978, trade between the two countries may become more than \$500 million in the intermediate term. In 1978 Brazil sold about \$10 million to China. In addition to sugar and steel tubing, Brazil is exporting iron ore and soybeans to China.

The strong point of trade between the two countries should be petroleum. At the beginning of last year, when a Chinese-government delegation came to Brazil, it was agreed that petroleum sales to Brazil could increase from 20,000 barrels daily, depending upon its availability. China does not export large quantities, even though it is a country with good petroleum production.

Trade Office Proposal

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 80 p 22

[Text] COBEC [Brazilian Warehouses and Trade Company] yesterday received and is already studying its response to a proposal by a Chinese company to form a joint venture establishing a warehouse in China. Furthermore, a Chinese trader who is interested in increasing Brazilian exports to Asia, especially to China, has proposed immediate creation of a trade office in Canton or Shanghai that essentially would transact sales of commodities.

8834

CSO: 3001

CAVALCANTI STATES ITAIPU TO BE COMPLETED IN 1987

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Jan 80 p 34

[Article by Paulo Andreoli: "Itaipu Will Be Ready in 1987, Says Cavalcanti"]

[Text] The Itaipu hydroelectric plant will be completed in 1987, 1 and 1/2 years prior to the deadline specified in the original timetable, General Costa Cavalcanti, director general of the Itaipu Binational Company told O ESTADO DE SAO PAULO yesterday. He said this will be possible because the manufacturers of the electromechanical equipment (the CIEM consortium) have said they are willing and able to make early delivery of the 5th to 14th generator units and also because ELETROBRAS [Brazilian Electric Power Companies, Inc] felt it would be desirable, based upon market surveys, to begin supplying its electrical system sooner with Itaipu power

The first four units will begin operating within the deadlines scheduled in the initial timetable: the first, in February 1983; the second, in June 1983; the third, in October of the same year; and the fourth, in February 1984--all of them being supplied at 4-month intervals. From that point on, said General Costa Cavalcanti, there will be a change in delivery schedules --rather than a 4-month interval, the manufacturers said they could furnish the 5th through 14th generators at 3-month intervals.

Beginning with the 15th unit, the manufacturing consortium will return to the 4-month intervals as scheduled, without advance deliveries.

This is because, General Costa Cavalcanti explained, ELETROBRAS, in analyzing the consequences of early delivery of the 15th and later units, concluded that if they were delivered early it would also be necessary to begin constructing the third circuit of alternating-current transmission lines sooner--which the parent company did not consider opportune, because it would also have to begin its investments sooner.

Discussion of final arrangements for early conclusion of the hydroelectric project began at the beginning of this week and were concluded yesterday, in Iguacu Falls. Besides the directors of the Itaipu Binational Company, representatives of the industries belonging to the CIEM consortium participated in the meeting. The consortium is led by Heavy Machinery Company

and is made up of Bardella, Brown Boveri (of Brazil, Switzerland and the FRG), Siemens (of Brazil and the FRG), Voith (Brazil and the FRG), Cresot Loire and Alsthon (France).

Costa Cavalcanti (who, according to Brazilian businessmen, was highly praised by the foreign manufacturers) said the meeting was productive not only because delivery was expedited but also because quality control and other subjects were discussed "sufficiently to assist everyone involved in the project."

Tucuruí

Mines and Energy Minister Cesar Cals said in Brasilia yesterday that construction of the Tucuruí power plant on the Tocantins River "continues to have priority in the nation's power system." He revealed that he will go to the Tucuruí region Sunday for an inspection visit and then announce what funds will be needed for the work "to be carried out according to the time-tables already established by ELETROBRAS," which provide for its conclusion by 1983. He said that 21 billion cruzeiros (at current prices) have been invested in the project so far and it is reported unofficially that the government will invest 5 billion cruzeiros in the Tucuruí hydroelectric plant in 1980.

8834

CSO: 3001

BRAZIL

VEROLME EXPECTS RECORD SHIP PRODUCTION IN 1980

Rio de Janeiro O GLOBO in Portuguese 24 Jan 80 p 26

[Text] The president of Verolme of Brazil, J. G. A. Ten Bokkel, said yesterday he hopes to set a new record this year for shipbuilding in Latin America, by delivering 540,000 tons of ships. For 5 years the largest producer has been Ishikawajima of Brazil (ISHIBRAS).

Verolme produced 502,000 tons in 1979, but ISHIBRAS held onto its lead, with over 550,000 tons. In 1980, however, Verolme intends to deliver the ships "Morretes," "Maruim," "Mafra" and "Maraca" to PETROBRAS [Brazilian Petroleum Corporation]. Their gross capacity will be 135,000 tons each, totaling 540,000 tons and surpassing ISHIBRAS.

Social Aspect

Ten Bokkel said that Verolme always had "one additional problem to overcome," because, being located in Angra dos Reis, it had to make larger social investments to retain its work force. "Only now are we able to make the necessary investments, and this takes place at a significant moment, when NUCLEP [NUCLEBRAS [Brazilian Nuclear Corporations] Heavy Equipment, Inc], FURNAS [Furnas Power Companies, Inc] and PETROBRAS are also trying to attract the best personnel available in the region," said Ten Bokkel.

Rio

He reported that, of Verolme's 5,961 employees, only 310 are in Rio de Janeiro, which shows a good relationship between production and office personnel. Verolme will soon inaugurate its new computerized piping shop, to increase the pace of production, with an investment of 200 million cruzeiros.

Exports

Ten Bokkel notes that his shipyard should already be working on the ships for export for which it has a contract that must be approved by CACEX [Foreign Trade Department]. The ships for export (4 of 70,000 gross tons

capacity and 2 of 8,000 [sic] tons gross capacity) total \$210 million. "We need 2 to 3 years of lead time between contract approval and delivery," Ten Bokkel explained.

He said that Verolme of Brazil is trying to do all its planning in Brazil. The "Maraca," the latest ship launched by Verolme, had all its planning done in Brazil.

Holland

Ten Bokkel said that Verolme does not remit profit, dividends or stock ownership to the parent company in Holland, but neither does it receive any new investment. Rhine-Scheld-Verolme has reduced its production capacity by 60 percent due to the difficulty of European naval construction in competing with Japan and developing countries.

"In Holland we are building war ships, dredges and other special vessels. The quantity is constantly being reduced."

According to Ten Bokkel, Verolme of Brazil is in a position to continue increasing its production and efficiency to supply the domestic and foreign markets.

8834

CSO: 3001

BRAZIL

BRIEFS

ZIMBABWE PRIME MINISTER GREETED--Brasilia, 5 Mar (AFP)--Brazilian President Joao Baptista de Figueiredo today sent a message of congratulations to the newly elected Zimbabwe Prime Minister, Robert Mugabe. "Please accept my most sincere congratulations on your victory in the elections last week," Figueiredo told Mugabe. The Brazilian president told Mugabe that "the Brazilian people and government view with satisfaction the development of events in your country and are sure that Brazil and independent Zimbabwe will develop cordial relations based on mutual respect and friendship."

[Text] [PY061246 Paris AFP in Spanish 2340 GMT 5 Mar 80 PY]

CSO: 3001

HOUSE PRESIDENT INTERVIEWED ON PRESIDENTIAL AMBITIONS

San Jose LA REPUBLICA in Spanish 6 Feb 80 p 4

[Interview with Ramon Aguilar Facio, president of the Legislative Assembly, by Wilmer Murillo]

[Text] The country's economic and social situation has become one of the leading issues of the moment; and these days there is considerable concern about these problems in the Legislative Assembly.

However, efforts to deal effectively with these matters have been constantly interrupted by the stubborn refusal of the deputies to lay the foundations for a dialog that would enable them to make a united assault on the problems plaguing the national economy.

It has been difficult to promote and achieve a dialog. Many months of discussions have produced no results. Yet under the presidency of Ramon Aguilar Facio, the subject of this week's interview, some progress has been made in the legislature; and recently it has been possible to sense that many difficulties are going to be overcome.

However, what factors govern the possibility that the dialog will lead to a serious debate regarding major national issues? Are the reasons preventing the deputies from directing their attention to these matters in part predictable?

In the opinion of Aguilar Facio, the problem is that for the moment there is no one to talk to concerning the search for solutions. He thinks that, perhaps within a short time, when the present clouds disperse in the camp of the Liberation Party, it will be possible to establish a truly constructive dialog that will make

it possible to propose alternative solutions to the country's problems. Talking about these issues, we began the interview thus:

[Question] Do you harbor ambitions that would allow you to be called the Unity Party's presidential candidate?

[Answer] No. To answer emphatically, I am prompted by personal reasons as well as by those of appropriateness. There are people in the party who, during a long political career, have earned the right to aspire to that post. My political career has been very short, and only time will tell whether or not I should, in the future, aspire to that office.

[Question] You are a Calderonist. Does that mean that if Rafael Angel Calderon offers himself as a candidate for president, you would not interfere with his aspirations?

[Answer] If Rafael Angel aspires to the presidency of the republic, I won't be the one to interfere.

[Question] You have always been considered able to conduct a friendly dialog. But lately it has been asserted that you have lost nearly all your power to force the Unity group to conclude political agreements. What is the reason for the ineffectiveness attributed to you?

[Answer] I've never had control over the group; for the majority rules. I have always sought to have my opinions as a representative of the Unity Delegation foster understanding with the other groups represented in the Legislative Assembly.

[Question] In the midst of the crisis the country is undergoing, the political groups have not seemed inclined to promote a climate of harmony and political peace. Don't you think that there's a lack of a sense of responsibility in these actions that don't help the country to advance along the road of progress?

[Answer] The premature opening of political campaigns has made it hard for the political parties and their leaders to sit down and analyze the country's problems with real objectivity. The legislature is an accurate reflection of that situation. Who is there to work out solutions with? No one knows. I hope that, within a short time, when the present clouds disperse in the camp of the Liberation Party, we'll be able to establish a truly constructive dialog that will make it possible to propose alternative solutions to the problems troubling the country.

[Question] The person seeking the Liberation Party presidential candidacy, Luis Alberto Morero, has said that if he wins at his party's convention, he will direct the party along the positive path of seeking solutions to the country's problems. And he says if, to help the country, he has to help the government, he'll do it. Do you consider his stance positive?

[Answer] I can't imagine that a Costa Rican who aspires to the highest honor his country can give him--the presidency of the republic--would think otherwise. That should be the attitude of a serious, responsible opposition. Costa Rica belongs to everyone, not to one party, not to a segment of a party, and much less to one person. The country's problems affect all Costa Ricans, and when they are successfully dealt with, everyone benefits, too.

[Question] Some people in Costa Rica believe that one way of avoiding social violence is to transfer economic power from the many to the few and to transfer political power from the oligarchy to the working classes. Do you share this view?

[Answer] My concern would be, rather, to avoid making the rich richer and the poor poorer. We should establish the rules of the game. Eminent-ly paternalistic governments that try to shape great societies on the basis of promises, additional taxes and excessive spending inevitably lead to social instability and minority rule. Therefore, what is needed is a complete revision of our structures so that it will be by effort, participation and work that the individual achieves well-being. For over 150 years, Costa Rica has been a model democracy in which the most patrician members of the oligarchy have participated side by side with the most humble workers. I think, however, that it would be wise to reform our electoral system to make possible the election of people on the basis of their own merits, to find formulas through which voters would have a more decisive voice, unhampered by a party formula.

[Question] What would you propose to set in motion a strategy for the reformation of our society within our democratic framework? That is, to bring about a "preventive revolution" that would preclude social chaos?

[Answer] In Costa Rica, there are very few people who bear on their shoulders the difficult task of producing. Thus, a genuine work mystique should be promoted that would make it possible for more to be produced through participation by everyone, with a resultant increase in the number of jobs.

Business enterprises must be strengthened so that they can share their profits with the workers who contribute to that strengthening. We should modify our laws to encourage the creation of new enterprises and to strengthen those that already exist.

We should promote the distribution of uncultivated land to peasants who want to work it by means of concrete, practicable assistance programs and infrastructure development that will make a reality of our rural people's aspirations of well-being. In short, what is needed is the updating, expansion and adequate financing of the institutions charged with watching over the needs of our people.

[Question] Would you say that the government's actions at this time are focused on social and economic objectives of major, genuine importance, or that they aren't, and the country's situation is deteriorating as a result?

[Answer] The government has clearly outlined its social policy in the Gregorio Jose Ramirez National Development Plan for 1979-1982. If it is fully implemented, we will be advancing in the carrying out of a social policy and in the struggle against poverty, laying the necessary groundwork for the establishment of peace and well-being for everyone.

[Question] You believe that a better life depends on increased production. If that's so, would you say that we are doing it, and if not, why do you think we aren't?

[Answer] Indeed. I refer you back to the previous question. I might add that for months the producing sector has complained that it lacks the bank credit that it needs. The government should encourage production by means of the timely granting of sufficient credit, especially to those who are trying to supply our staples market. It should guarantee the small producer that credit will be granted under favorable conditions and that his products will be bought directly at prices that enable him to adequately support his family. In the agricultural sphere, it is also essential that the Ministry of Agriculture, appropriately financed, act effectively, really assisting the farmers with modern techniques that will increase his production and reduce his operating costs.

[Question] It is said these days that the educational system is suffering a crisis. To what extent do educational systems help to reduce unemployment, and what do you think the Legislative Assembly's task should be in this field?

[Answer] Education does not effectively help to reduce unemployment by preparing the individual academically; for it should also prepare him to assume his responsibility participating in and making a commitment to national development. Costa Rica spends approximately 30 percent of its national budget on education. Yet we often see problems, especially in the universities, which says they don't receive enough money to carry out their programs. During this special session, the Assembly will receive a proposal to reform Article 85 of the constitution to provide adequate, continuous financing for the universities.

[Question] Regarding the replacement of the development "model" the government has decided to follow, to what degree do you think it has enabled the country to overcome economic problems?

[Answer] I don't think it's necessary to talk about changing the model. It strikes me as more appropriate to talk about the need to make the

necessary changes in the previous system to adapt it to Costa Rica's development needs for 1980. We should bear in mind the fact that many of our problems in the economic sphere stem from causes beyond our control. The excessive increase in petroleum prices that has resulted in a real reduction of income for all Costa Ricans, the decline of prices for our primary export products and other problems affecting our income have created internal problems that aren't easily solved. To overcome the country's economic problems requires not only a change of model but also a change of attitude for Costa Ricans, better understanding of the times and determination on the part of everyone to save our customs and our democratic system.

[Question] What is your weak point?

[Answer] My weak point is never having believed that the party approach is the solution to the country's problems. All the parties have good ideas and significant proposals that contribute to the solution of national problems. Party lines as such are not useful to the country, and they don't solve its real problems. I consider this my weak point because on some occasions, when I deem it appropriate, I support ideas that don't come from my own party.

9085

CSO: 3010

COMMUNIST LEADER DISCUSSES ROLE OF HIS PARTY

San Jose LA REPUBLICA in Spanish 30 Jan 80 p 4

[Interview with Manuel Mora Valverde, secretary general of the Costa Rican Communist Party, by Wilmer Murillo]

[Text] The familiar pattern of a revolution unfolds as a struggle of oppressed classes against oppressing classes. Could this revolution take place in our country, whose people have vigorously maintained their right to unrestricted liberty?

Will Costa Rica advance lethargically among Marxist slogans and social problems toward a revolution? The subject of this week's interview, the old communist leader Manuel Mora Valverde, asserts that his organization is revolutionary, yet hopes to transform the foundations of the existing social system with the support of the majority of the people and not by means of audacious acts.

[Question] How do you reconcile your struggles for democracy in Costa Rica with your ardor for the communist cause?

[Answer] Communism is the best form of democracy because it entails a classless society. The state that arose when society was divided into classes is the political apparatus of domination by one class of the others. In the capitalist society the state is dominated by the capitalist class and not by all the people, as is falsely asserted.

A number of economic, social and cultural factors determine the degree of liberty enjoyed by every people, and of course the dominant classes tend to restrict that liberty when the exercise of it by the people might affect their privileges. In a very special way, because of a number of traditions related to specific circumstances of our historical development, we Costa Ricans are resolute lovers and defenders of the democratic system that we essentially inherited from our forebears. We fight to improve it, but we'll never fight to destroy it. To attain communism, we

will have to travel a long road. But until we achieve a classless society, we'll fight to obtain, within the capitalist society, the broadest possible democratic system.

[Question] If it were possible, would the Communist Party attempt to attain power by electoral means, as in Chile, or would it make use of democracy and take advantage of it to create conflicts over issues, fomenting violence and taking power by force?

[Answer] We are not fighting to take power as a basic objective of our efforts and sacrifices, but rather to carry out a revolution. That is, to transform the social order. It's true that to do so you have to take power, but this is useless if you don't have the support of a responsible majority of the people. It's not hard to take power. All you need is weapons. But transforming a society is difficult indeed.

As a result, our struggle is not a purely conspiratory effort. It's a matter of educating the masses, with the reminder that social reality itself is the best teacher. Social injustice, the miserliness of the propertied classes, the exploitation by the oligarchy and repression are factors that hasten revolutionary education. We, of course, hope that the country's great social changes will take place peacefully.

[Question] How do you view the situation in Latin America? Do you think the revolutionary movements have advanced or declined? Where do you see the greatest tension?

[Answer] In Latin America, the conditions for a great democratic, anti-imperialist revolution have now reached maturity. Despite savage repression, inspired and directed by the CIA, the revolutionary movement has advanced and continues to advance. There are people in the State Department who are viewing the situation realistically. But the military people in the Pentagon, who are loyal to the most reactionary circles among the monopolies, don't see anything and are going on with club in hand. Their ignorance and stupidity leads them to believe that the revolution is an imported item and not a phenomenon inherent in the development of each social group.

It's possible that the revolution in Latin America will become very bloody. But no one will be able to stop it, much less the big guns in the Pentagon.

[Question] Former President Oduber said that the workers at the large companies, including the banana plantations, are not communists. Could it be said, then, that the communist leadership controls only the leaders of the union movement?

[Answer] The unions include workers from all the political parties. My party doesn't claim to control any union, but it is proud of the fact

its members hold many top posts in unions, having attained their positions through their self-denial, their capacity for self-sacrifice, their understanding of the true interests of the workers and their incorruptibility. It is not because they are communists that they are respected as leaders of large bodies of noncommunist workers.

[Question] Former Foreign Minister Gonzalo Facio asserts that the world is deep in a new cold war stemming from the intransigence of the Soviet Union, which is using its lackey Fidel Castro to export revolution, and that this revolution is making deep inroads in Central America. As this view suggests, is the Communist Party following the Kremlin's orders to stir up our country?

[Answer] In politics, Gonzalo Facio is a weathervane that turns in accordance with its idea of what suits it best. Obviously, he is a gifted man, and it isn't difficult for him to juggle concepts to justify his shifting positions. Now he's against the Soviet Union and Cuba. I agree with Mr Facio that the world is again locked in a cold war; but the responsibility is not the Soviet Union's, nor the socialist world's, but rather that of the imperialists and the huge arms monopolies. It's to their advantage to keep the world at the brink of catastrophe because the armaments trade amounts to the astronomical sum of \$300 million a year. Thus, it's sad that, with respect to international politics, in which these countries of ours decide very little, there are able people capable of playing along with those who have no scruples about pushing the world toward the third world war.

Let's look at another aspect of the issue. Any man with some degree of sociological understanding knows that revolution can be neither imported nor exported; that revolution develops in each social medium according to known laws. In Central America, the process is well advanced; but those who have accelerated it are the Yankee imperialists, as supporters of the oligarchies and the feudal barons and the military castes that serve those reactionary groups. Men never go to the sacrifice entailed in a revolutionary struggle on a whim or for pleasure.

Now, to say that Fidel Castro is a lackey of Russia is idiotic. Fidel is a great leader of the Latin-American revolution. And to say that my party is a tool of the Kremlin for stirring up Central America is to demonstrate bad faith and a lack of moral scruples. Neither our political course as a revolutionary party nor the human qualities of our leaders and members give anyone the right to call us pawns of anyone, not even the Soviet Union, despite the respect and admiration we feel for that great nation.

[Question] It has been repeatedly claimed that the Communist Party has lost prestige. Could it be said that we're witnessing the dissolution of the unity of the communist parties?

[Answer] I don't really see what those who say that are thinking. What kind of prestige are they talking about? Electoral prestige or prestige relative to their loyalty to the working class' cause? Regarding the former, we'll have to wait for the next election to see if that statement is true, although we know from experience that, under the influence of powerful economic interests, elections don't always reflect the true feelings of the people concerning leftist parties. As for the second type of prestige, which we could call revolutionary, it is deeds that talk. Specifically, the unrelenting, venomous press and radio campaign unleashed against us by the big imperialist companies and echoed by President Carazo is talking. If they think we've lost prestige--that is, have been repudiated by the people--they wouldn't need to consume so much ink and paper defaming us. They're obviously exaggerating because they attribute power to us that we don't have; and they ascribe methods and ways of fighting to us that are very alien to our principles and the truth. As for the unity of the left, I should say that it springs from the nature of the social struggle and not from any electoral strategy.

[Question] Is it true that you're planning to step down from your post as leader of the local communists? If so, whom do you consider a worthy successor?

[Answer] In my party, the rank and file matter, and no leader arises through intrigue. In that case, I couldn't be a leader because we aren't a party in power. We offer no one anything but positions entailing struggle and sacrifice. Discipline in my party springs from conscience, not from fear or the hope of obtaining spoils. The post of secretary general is one involving struggle, not dictatorial power. If I remain in that post, it will be by the will of my party and not my own. The question regarding whom I consider a worthy successor implies ignorance of the way in which my party is organized, for it is administered collectively. Consequently, a more or less correct party line can never depend on a change of secretaries general.

[Question] What is your party's goal for the 1982 election? To seek unity among leftist groups or victory by a candidate who will enable your party to regain the prestige it is said to have lost.

[Answer] Our goal, aside from any sectarianism, is to bring about the formation of a powerful bloc of democratic, anti-imperialist groups that is able to create the new type of government which the historical and social circumstances call for. Of course, for this to occur it is essential that unity among leftist groups be strengthened.

As for my party's prestige, I already spoke of that in my previous remark. Our prestige will be determined by our loyalty to the working class and to the people, not by the goodwill of any president of the republic.

[Question] Your party approved of the Soviet Union's invasion of Afghanistan. Would you by the same token be inclined to approve of a similar American intervention in Latin America?

[Answer] We who are faithful to our principles and to our concept of patriotism don't accept the violation of the sovereignty of any small country by any power. But here the situation is different. In Afghanistan there is a Marxist-Leninist government that initiated a social revolution and removed the feudal barons from the government. The United States and China conspired with these feudal barons and with them planned to overthrow the government through a coup d'etat. They began to organize 50 training and staging bases in Pakistan. They contributed modern weapons, dollars and mercenaries. As one can see, the Marxist government of Afghanistan wasn't threatened by the Afghan people, but rather by a Chinese conspiracy with the United States. On the basis of an existing treaty and the UN Charter, it asked Russia's help in defending itself against the imperialist conspiracy, and the Soviet Union has given it without violating the sovereignty of the Afghan people. When the United States and China abandon their plans, which at root are inspired by their petroleum interests, the Soviet contingent will leave Afghanistan.

9085

CSO: 3010

RADIO HITS CARAZO FOR ALWAYS-TAKING COMMUNIST

PA102034 San Jose Radio RELOC in Spanish 1000 GMT 10 MAY 68 1A

[Commentary]

[Text] It is very dangerous to label as communist or political anything that sounds like a criticism of the government. The mistake that President Carazo is now making in belittling the group known as the People's Assembly has been made by other governments in the past. One should not label communist every person who speaks up in defense of the workers. That is very dangerous because workers will wind up thinking that the communists are the ones who defend the workers. They will think that National Liberation Party members, for instance, are the only men who defend social advancement projects. The Unity Party's marked absence from yesterday's meeting and the government's criticism of this meeting constitute tactical mistakes.

Representatives of numerous sectors of public opinion, the communists included, attended the so-called People's Assembly. If the communists are the most active and the ones who talk the most, it is because those of use who believe in freedom, in democracy and in other spiritual values let them assume that leadership.

Now, by labeling the people's demands communist, Carazo is giving merit and importance to people who do not deserve it.

The truth is that the communists constitute a minority that works hard and should be active. But they should not be at the lead or be told that they are the only ones who know how to do things.

We express our concern, not over communist participation in everything that smacks of the national interest, but over the apathy shown by Carazo, his party and its leaders. They are the ones responsible for the advancement of communism in this country.

The People's Assembly should have had good government speakers. They should have told the workers that the wage agreements are coming first thing, that they believe in dialog rather than violence and that democracy rather than repression constitutes the weapon of a good government. This has been Carazo Odio's big mistake.

CSO: 2010

COSTA RICA

ENERGY MINISTRY SET UP, MINISTER INSTALLED

San Jose LA NACION in Spanish 6 Feb 80 p 24A

[Text] At a swearing-in ceremony yesterday noon, President Rodrigo Carazo confirmed Edmond Woodbridge Mangel as minister without portfolio for energy. Carazo said that with the creation of this ministry the way has been opened for coordination in an area that deserves special attention, that is, energy.

The decree establishing this department sets forth the principal reasons why the executive branch took this step. It mentions the government's policy of attacking current social problems within a democratic framework of respect for human rights, equality of opportunity, and citizen participation.

The decree says that according to this policy, it is of primary importance to prepare studies, set objectives, and establish programs for energy on a national scale.

It is therefore necessary to establish the means for coordinating those government agencies concerned with energy.

This sector is composed of the Minister of Energy Edmond Woodbridge, who will be the coordinator, the Ministries of Planning, Culture, Youth and Sports, Economy, Industry and Trade, Public Works and Transport; and the Costa Rican Electricity Institute (ICE), the National Electricity Service (SNE), the Costa Rican Petroleum Refinery (RECOPE), and the Costa Rican Development Corporation (CODESA), as well as the private sector, represented by Angel Nieto and Max Koberg.

Among the programs scheduled to be inaugurated in the near future is gasohol as a substitute for gasoline and diesel fuel. This involves agricultural and industrial projects which would permit imported fuels to be replaced by a local product that is renewable.

Special attention will also be given to the hydrocarbons bill presently before the Legislative Assembly. When this legislation becomes law, the minister of energy will submit future policies for this sector to the National Energy Council.

At the same time special emphasis will be given to the coal and bituminous shale program. This country has known deposits of these products. As there are constitutional provisions that place these minerals among those controlled by the government, it is planned to include a section concerning them in the hydrocarbon bill.

Solar energy will also be emphasized.

In accepting the post of energy minister, Mr Woodbridge told President Carazo that the task entrusted to him is very complex, but that he hoped to carry it out successfully.

The chief executive reiterated that the naming of Woodbridge did not in any way imply the creation of a new ministry.

He said that the new Public Administration Law provides for the possible creation of the post of minister without portfolio who would be an aide to the President.

9015

CSO: 3010

CENTRAL BANK ABANDONS 1978 REFORMS

San Jose LA NACION in Spanish 2 Feb 80 p 10A

[Text] The Central Bank has abandoned the practice adopted during the so-called financial reform of October 1978 of letting interest rates for credits authorized by the National Banking System fluctuate, in accordance with the London interbank rate, known as LIBOR.

Instead of following the ups and downs in LIBOR, from now on domestic interest rates will fluctuate according to rates paid for 6-month deposits in the United States and Panama.

Local rates will not merely follow those rates closely but will also take into account the rate of inflation in this country and domestic supply and demand forces.

Officials of the institution could not be sure whether this method would increase or decrease currency value, but all agreed that this is a more rational and realistic way to set interest rates.

The board of directors of the Central Bank also decided to reduce the subsidy on interest rates for certain preferential activities, but at the same time, to compensate for the increased cost of money, it will raise the price of subsidies for production in this area.

In other words, credits for farming, cattle raising, hunting and fishing; but at the same time it will guarantee these areas a higher minimum purchase price than it was paying previously.

The monetary authorities will not admit it officially, but this will no doubt have the obvious result: It will force the Ministry of Economy, Industry, and Commerce (MEIC) to adjust retail prices. The consumer, thus, will have to pay more.

This decision of the institution was inspired by the official recommendations made by Dr Vicente Galbis, the International Monetary Fund (IMF) expert, at the end of last year.

Change

The Central Bank accepted the observations of the IMF expert, but at its last meeting decided that in setting interest rates LIBOR would only be considered a guideline, but at the same time the rate of inflation in the country and money supply and demand forces would be taken into account.

An important factor in the future will be interest rates on 6-month deposits in the banks of the United States and Panama.

Six-month deposit rates in the United States and Panama will be watched because, in the opinion of domestic experts, these are the places with the greatest amount of experience in international capital.

Since the National Banking System does not have all the competitive flexibility needed for operating in a free market, the board of directors of the Central Bank will set interest rates according to the above factors.

To this end it will conduct weekly market evaluations and "carefully" observe the operations of the financial departments of the banks. The latter will be completely free, that is, they may set interest at rates they deem proper.

Criticism

Dr Galbis' criticism of the financial reform the present government has tried to implement centers especially on interest rate policy.

The expert pointed to a great contradiction among Costa Rican economists because they left an extensive portion of credit subsidized, although the liberal theory they ostensibly follow provides for setting prices according to supply and demand alone.

The amount of credit subsidized comes to one-third of the total. Last year total credits authorized by the National Banking System were 7,299.6 billion colons.

Galbis found that the banking system, because it is state-owned, did not follow profit incentives to the maximum degree, which is important for the free system to operate at full normal capacity.

He pointed out too that government bonds had a very low interest rate and that, as part of the financial market, they should offer more attractive interest rates. He commented that Costa Rica, in allowing interest rates to fluctuate only in response to LIBOR movements, had "liborated" but not liberalized them.

Finally, Dr Galbis asserted that domestic economy did not as yet offer conditions for a free market, and therefore he recommended a discretionary system of interest rates.

Speed and Flexibility

Like other developing countries, Costa Rica had rigid interest rates for many years, which were sporadically modified by the Central Bank and almost always without taking the demand for credit and inflationary tendencies into account.

In October 1978, the economic authorities installed a different system of determining interest rates whose principal characteristic, compared to the previous one, was that it tried to eliminate "financial repression," that is, the situation where the depositor was inadequately rewarded.

Thus fluctuating rates were decreed in accordance with LIBOR quotations on 6-month deposits, plus 3 percentage points.

But another credit sector maintained a subsidized rate of 8 percent because it was connected with development activities.

Enjoying subsidized credit, the following do not pay the real cost of money: agriculture, cattle raising, hunting and fishing, farm groups, sugar growers cooperatives, and certain forestry activities.

The funds which the National Banking System should have had available to provide this subsidy was 526 million colons, more or less, but this year it only has some 300 million.

That is the reason why it was decided to raise the interest rate for these activities by 2 points, at the same time insuring that the National Production Council would have higher support prices.

The MEIC will have to adjust retail prices correspondingly, and the consumer will pay more.

9015

CSO: 3010

SERIOUS PROBLEMS AFFECT MILITARY INDUSTRIAL UNITS

Havana VERDE OLIVO in Spanish 17 Feb 80 pp 54-57

[Article by P.E. Cabrera: "Industrial Military Enterprises: Winners in 1979 Emulation"]

[Text] "The need to eradicate objective and subjective problems existing in the Military Industrial Enterprises [EMI] is truly unpostponable, considering that it is an unavoidable requirement for the gradual imposition of the Economic Management and Planning System [SDPE], which in the future will allow us to prevent the factors which hinder the development of our Socialist Revolution," said the vice minister chief of the Central Political Directorate, Div Gen Sixto Batista Santana, making the closing speech of the Annual Checkup on Socialist Emulation among the EMI during 1979.

The event was held at the Grito de Baire EMI last 9 February. With the chief of the Central Political Directorate of the Revolutionary Armed Forces [FAR] was Div Gen Francisco Cabrera Gonzalez, vice minister chief of the DAAFAR [Antiaircraft Defense and Revolutionary Air Force]; Julio Machado Tamayo, secretary general of the National Union of FAR Civilian Workers [SNTCFAR], other FAR officers and chiefs and Soviet military specialists.

SNTCFAR Secretary General Julio Machado Tamayo announced the places attained by the various enterprises and laboratories in the emulation checkup.

In his speech he announced the number of points and awards accumulated by the enterprises which occupied the first places and he explained with figures the reasons why the rest did not win, their shortcomings, where they lost points and, in short, what those enterprises should do to climb to better positions in the next periods of emulation.

One after the other, the winners climbed to the podium to receive banners, presents and congratulations. Those who distinguished themselves individually and the chiefs of the winning enterprises also received rewards.

Those who were the annual winners were happily greeted with great applause and ovations by the worker mass. It was that way when the announcements were made for the DAAFAR Weights and Measures Laboratory, the Gran Revolucion Socialista de Octubre Enterprise, the Liberacion Enterprise, and giving rise to the highest expressions of joy, Julio Machado Tamayo announced that the Grito de Baire Enterprise was once more awarded the title of "Best FAR Military Industrial Enterprise."

Congratulating the winners, the SNTCFAR secretary general said he expected that it would become increasingly difficult to select winners in this emulation among the EMI.

Div Gen Sixto Batista Santana made a critical review of the performance of work in the EMI during his speech and at the end he congratulated the units which obtained the first places in the emulation.

The Need to Eradicate Objective and Subjective Problems in the EMI is Truly Unpostponable

Speech made by the vice minister chief of the Central Political Directorate of the FAR, Div Gen Sixto Batista Santana at the ceremony of the Annual Checkup on Socialist Emulation among the EMI held at the Grito de Baire Enterprise on 9 February.

Comrades:

The Annual Checkup on Socialist Emulation Among the EMI of the FAR for 1979, which we have just accomplished, has allowed us to confirm that the results obtained are encouraging because the main indicators of the technical and economic plans have been successfully complied with and, at the same time, a truly meritorious work has been evident in that which refers to meeting the timetable for the implantation of the SDPE in the majority of cases.

There has been a notable increase in savings in all aspects, which shows the interest of the worker mass in complete fulfillment of this activity, and it is also obvious that there has been a tightening of requirements with respect to repairs, an expression of the good understanding of what it represents for insuring the combat readiness of the equipment and weapons of our FAR.

In a very special way we wish to emphasize that in 1979 the EMI produced 2,547,000 spare parts as well as 11,080 different items, which means an increase of 211 and 105 percent, respectively, by comparison with the previous year. On the other hand, they contributed 274,000 pesos in parts to the national economy, primarily, in parts for the RTP-1 sugarcane combines.

In the majority of cases there is observed a trend toward an increase in the quality of maintenance, from the industrial point of view as well as in transportation equipment; a decline in the work accident rate and in worker absenteeism, which makes evident the increased degree of awareness of personnel and a greater strictness in these aspects.

Since the holding of the First Party Congress, great efforts have been made in all enterprises to increase the technical and cultural level of the cadres and workers, with satisfactory results. The Liberacion Enterprise has even been declared Territory Free of Workers With Less Than a Sixth Grade Education, which should be an example and a spur to the rest of the collectives.

Attainment of individual emulation pledges with high percentages by all the workers, the accomplishment of voluntary work when fully justified, and the missions of internationalist nature for the benefit of fraternal countries, are highly encouraging facts.

We wish to express our most profound appreciation to the Grito de Baire Enterprise, which since 1978 has maintained an upward course, allowing it to achieve the honor of being selected for two consecutive years as the Best EMI of the FAR and for the Communist Party of Cuba Central Committee Political Bureau to declare it "Promoting Center for Socialist Emulation in the Year of the 21st Festival."

We also congratulate the Gran Revolucion Socialista de Octubre Enterprise, which was also awarded the aforementioned prize and has obtained first place in emulation in its group in 1978 and 1979.

We also point out the work done by the collective of the Liberacion Enterprise, which in the last quarter of 1979 achieved the maximum point count possible, an ever-improving work being noted in it.

We also appreciate the work of the Weights and Measures Laboratory, which won first place in its group as a result of efficient work performed.

This annual checkup of Socialist Emulation has brought out into the open the shortcomings which exist in the EMI and which should be the object of our most profound attention pursuant to the policy of strictness expounded by Commander in Chief Fidel Castro, in the National People's Government Assembly around the middle of 1979.

In this respect we must indicate that the results obtained in spare parts production could have been better if the integral work for its accomplishment had not been limited to four enterprises because in the rest of them there is still a low coefficient of utilization of machine tools; there is no guarantee of required technical documentation; operational planning and production preparation is done without consideration of the specific capabilities of the machine shops of each enterprise; there is no adequate utilization of the rationalization and invention movements; sure steps have not been taken for establishing technical standards and for increasing labor productivity by the workers in machinery production and there is practically no record keeping of what is produced nor what it costs.

With respect to economic planning, despite the fact that the status shown by the indicators is satisfactory, there are shortcomings in record keeping, particularly with respect to costs. There are also inconsistencies in planning procedures which lead to high overattainments of profits. Moreover, some enterprises did not fulfill gross and mercantile production plans.

In the maintenance specialty, the following difficulties still remain: little stability in cadres; a high coefficient of incidental expenses, shortcomings in the recording and control of information and in lubrication service.

What we have referred to is enough to give an understanding of the need for the administration, workers, party rank and file organizations and union sections to wage a tenacious struggle against all the factors which hinder the full realization of work in each and every one of the departments of the EMI because on it, in a significant manner, depends the strengthening of the combat readiness of the FAR.

It is imperative that in this area of military work there be a strict compliance with the call made by the Ninth Plenary Meeting of our Party Central Committee to the organisms, enterprises and other labor centers of the country, to make the greatest efforts in the efficient use of the material resources we possess. As FAR Minister Army Gen Raul Castro Ruz said at the main ceremony on the 23rd Anniversary of the 30 November Uprising in Santiago de Cuba: "At this time the most important thing is to have full awareness that we are facing serious objective problems deriving from the undeniable fact that the world economic crisis caused by the capitalist system, scourged by a growing inflation which every day raises the prices of the products we have to buy in that area, while at the same time the prices of our sugar have been very low, all this, through a process of accumulation of its effects, has now harmed our economy at a higher level than we have already experienced in recent years."

The need to eradicate the objective and subjective problems in the EMI, added the vice minister chief of the FAR Central Political Directorate, is truly unpostponable, considering that it is an unavoidable requirement for the gradual implantation of the 3072, which in the future will allow us to prevent the factors which hinder the development of our Socialist Revolution.

However, it will be difficult to accomplish without an ever-increasing strengthening of the authority of the administration, authority, which as was pointed out by the FAR minister in the aforementioned speech, "emanates from the success of their work, from their life intensely devoted to work, from their style, alien to the customs of fraudulent cronyism and perverted tolerance, and from their living a modest life in keeping with their income."

A no less arduous and persistent battle must be waged against the lack of worker discipline, some of whose manifestations are absenteeism, irresponsibility toward performance of duties pertaining to everyone and negligence during work shifts. We must always keep in mind those statements by the minister of the FAR, Army Gen Raul Castro Ruz on the Sixth Anniversary of the Youth Labor Army: "Work discipline is the expression of the values which makes of the working class the most revolutionary class. Without it the worker collectives become the chaotic sum of individuals, who lacking cohesion, are not able to think or act as detachments of a social force which exercises political power. The discipline of the working class and the political awareness which is the expression of it, are essential factors for the construction of socialism."

Comrades, in the name of our commander in chief and the minister of the FAR, I wholeheartedly congratulate the worker groups, soldiers, sergeants, officers and chiefs, who on this occasion attained the first places in the emulation, and we urge the rest to follow the example of the best so as to achieve more positive results. Long live socialist emulation! Long live the Revolutionary Armed Forces! Long live the second congress of our party! Long live our commander in chief! Fatherland or death. We shall win!

8908

CSO: 3010

CIVIL DEFENSE ORGANIZATION REVIEWS ACTIVITIES

Havana VERDE OLIVO in Spanish 17 Feb 80 p 57

[Article by P.E. Cabrera: "Civil Defense: Guidelines for the Second Six Months"]

[Text] At the end of the first half of the 1979-80 training year, Civil Defense held a meeting to analyze accomplishment of combat readiness and political activities during that period.

The meeting was held at the National Civil Defense School last 5 February. Attending were combat readiness commanders of the provincial staffs and the special municipality of the Isle of Youth and representatives from the organisms of the state central administration.

Presiding over the meeting were National Civil Defense Chief of Staff Col Pedro Altet Monistrol; the alternate for political work, Lt Col Luis Valladares Leon and Capt Heriberto Diaz Perez, first officer of the Combat Readiness Section.

The main report, submitted to the consideration of those attending, relates how combat readiness and political work took place during the 6 months just ended. It also explains that the beginning of the 79-80 training year had disadvantageous situations caused by Hurricanes David and Frederic.

In a brief review, the document explains how Civil Defense fully performed its missions of protecting the population and the economy. Despite such difficulties, combat readiness and political activities were accomplished until satisfactory results were obtained.

As a result of the analysis made on the work of the staffs during the 6-month period, it was announced that the ranking of the foremost provinces is: Santiago de Cuba, Granma, Villa Clara, Pinar del Rio and Matanzas.

It was announced at the meeting that beginning in May a new material titled "Concepts of National Defense" will begin to be studied throughout the country. This activity will take place through the Committees for the Defense of the Revolution [CDR] and the National Association of Small Farmers [ANAP].

The chief of the CDR-FAR [Revolutionary Armed Forces] Department of the CDR National Directorate, Jose Manuel Gonzalez, made a speech in which he explained the organizational measures and coordinations, which between that organizations and the Civil Defense staffs, guarantee the study of the new material at all levels.

The closing speech of the meeting was made by Lt Col Luis Valladares Leon, who made a broad evaluation of the work accomplished and explained the guidelines for the work for the Second Period of the Civil Defense Training Year.

Prominent among those guidelines are attention to the nonmilitary formations of Civil Defense; training classes for rural and urban populations to begin in May; the Marxist-Leninist, physical and infantry training program; firing practice stipulated in the officer training plans of the provincial staffs; exercises for chiefs and staffs; tactical training exercises stipulated for each province; competitions among nonmilitary formations according to the plans of each province, and instructions to workers in economic objectives and the agricultural-livestock enterprises of the country.

Ending his speech, Lt Col Luis Valladares declared that conditions exist for Civil Defense to hail the satisfactory results attained by the staffs of all the provinces of the country at the next meeting.

8908

C30: 3010

MILITARY DISCIPLINE THEME AT WESTERN ARMY MEETING

Havana VERDE OLIVO in Spanish 17 Feb 80 p 57

[Article by Juvenal Balan: "Western Army: Seventh UJC Activists Meeting"]

[Text] With the central theme of "Military Discipline," the Western Army held the Seventh UJC [Union of Young Communists] Activists Meeting.

This youth event was chaired by Brig Gens Ulises Rosales Del Toro, chief of the Western Army, and Ramon Pardo Guerra, both members of the party central committee; Lt Col Juan Luis Charon Duarte, substitute for the political work chief; Capt Juan Arteaga, member of the UJC National Committee, chiefs and officers of the command and leaders of the UJC.

The main report submitted to the analysis of the members evaluated the methods and styles of work utilized by the UJC to accomplish the strengthening of military discipline. In it are covered a number of measures aimed at arriving at the Second Party Congress with new accomplishments in this important activity.

During the course of the UJC event, there were successive special reports dealing with "Tasks Accomplished by the Rank and File Committee in the Maintenance of Exemplariness by the Membership During the Working Day and Compliance with Current Regulations and Orders."

Other reports were: "How the UJC Committee of the Infantry Battalion Links support for the Basic Tasks of the Unit With Military Discipline," and "The Work of Leadership, Orientation and Supervision by the Regimental UJC Committee Over the Rank and File Organizations It Leads in Support of Discipline." Each of these reports will be the subject of study by all members of the UJC in this command.

Soldier Raul Rodriguez Cabrera, FAR Vanguard for 1978-1979, read the Western Army UJC pledge of honor to strengthen and consolidate military discipline. He then delivered it to the chief of the Western Army.

The closing speech of the Seventh UJC Activists Meeting was made by Brig Gen Ulises Rosales Del Toro, who said that the problem of discipline is closely linked to fulfillment of combat training and political plans, the raising of combat readiness and other work sectors or spheres, as well as compliance with instructions and directives received from higher headquarters.

"The intensification of strictness," he said, "means the establishment of individual responsibility and the use of proper methods for making it effective."

Further on Brig Gen Ulises Rosales, referring to the progress of the meeting said: "When the problems of the collective are analyzed in an integral, systematic and profound way with the stringency and exigency required, and the Party and the UJC make a timely and fair criticism of shortcomings and take the pertinent measures, the state of things should remain at a stable level and within a normal condition."

He said: "The examples of our history, part of which the present generation is writing, shows us that our young are not only capable of showing vigor and enthusiasm in the accomplishment of tasks but also energy and wisdom." They are capable of leading the masses in the radical transformations such as revolutions and of dying for them as did Marti, Mella, Camilo, Che and so many other fighters who have fallen fulfilling an honorable internationalist duty."

8908

CSO: 3010

NATIONAL POLICE REACT TO ECONOMIC CRIMES: CASE HISTORY

Havana BOHEMIA in Spanish 1 Feb 80 pp 6-9

[Article by Teresa Valdes, photographs by Orlando Vazquez (from the magazine MONCADA): "Aval Case"]

[Text] A group of criminals who worked at different levels in business embezzled, stole and sold detergent and other products, using their positions to exploit conditions. Following are situations that lead to these crimes and the measures that the PNR [National Revolutionary Police] is adopting to prevent them.

After extensive in-depth investigations by the Havana PNR and audits of the Soap and Perfume Enterprise, it was determined that this enterprise had officially delivered 17,745 bags of different types of detergent worth 925,934.10 pesos at retail prices to the Consumer Goods Enterprise.

Also the provincial warehouse of the Consumer Goods Enterprise shipped 7,924 bags worth 413,474.32 pesos to its territories of Centro Habana, 10 de Octubre and Marianao.

A total of 25,669 bags worth 1,339,408.42 pesos never reached their destinations but went to criminals.

After the police investigation, some of these bags of detergent were recovered but the rest had already been sold to the public in retail outlets (grocery stores and supermarkets). It is assumed that all the sales revenue went to the criminals who were later arrested.

How Deeds Were Discovered

When Lazaro Garcia was appointed to replace Daniel Diaz as manager of Supermarket 224-01 located at Zanja and Belascoain in Centro

Habana, he found a bill for 300 bags worth 15,840. When he tried to verify it, he discovered it was falsified.

Document No. 12435-34 from Wholesale Warehouse 205 did not tally with official documents.

Suspecting embezzlement¹, he made certain inquiries and learned that other managers of nearby retail outlets were involved in economic crimes.

One of these was Gregorio Espinosa at the supermarket located at Monte and Rastro who took 284 bags of Aval detergent worth 7,920 pesos.

After the accusation was made, the provincial economic crimes unit and two police examiners, Captain Prieto Guzman and Lieutenant Antunez Cepeda, coordinated the beginning of what would be a lengthy investigation with the provincial Ministry of Domestic Trade.

On 31 January 1979 it was learned that Jose Ignacio Bastard, unemployed, was one of the principal distributors along with: Roman Ruiz, business chief of the Habana Vieja Retail Enterprise; Orestes Velasquez, inventory clerk; and Juan Perez, accounting chief of the same enterprise.

They were the first people arrested.

After Daniel's Arrest

The inventories, investigations and examinations quickly showed that the falsified bills were issued by Wholesale Warehouse 205 located at Cristina and Pila. It supplied the managers implicated.

Daniel Diaz supplied himself regularly with Aval and sent it to the supermarket at Zanja and Belascoain.

This operation was possible due to the fact that Orlando Gonzalez, manager of the administration and supplies unit of the transportation base of the Investment Execution Enterprise in Havana, sold him the product at 28 pesos per bag.

Daniel Diaz inventoried it at 52 pesos per bag with a net profit of 24.80 [as published] pesos for each bag. He sold it to the public for 1.20 pesos per pound or distributed it by truck to other retail outlets.

The second part of this transaction required the collaboration of Jesus Gomez, business chief of Food Enterprise No. 1, and two of his specialists, Antonio Garcia and Luis Marrero.

In their statements, they explained that the price of each bag remained at 52 pesos and the money was given in cash to the officials involved. They were also occasionally given chickens, meat, rice and other products.

In the search for expert proof, butcher Juan Font stated that the meat deliveries were authorized by Daniel Diaz.

At this time, an unforeseen incident occurred. On a casual visit, Jesus Gomez, business chief, detected a shortage of products at the outlet at Zanja and Belascoain. He immediately sent his substitute to the wholesale enterprise. As a sign of gratitude for the favor, manager Daniel Diaz paid him 1,000 pesos in cash.

After Daniel's arrest, seizures rose to 177,000 pesos and the experts of the Provincial Criminology Laboratory verified that the bills had been falsified on a Consul typewriter found in the office where Orlando Gonzalez worked.

The shortages also appeared and, in less than 2 months, 16,970.40 pesos had been recovered.

The economic crimes investigators and examiners used the statements of those arrested and other clues to decide to further investigate the source of the bags of detergent. They ordered the Ministry of Domestic Trade to make an audit in order to learn the quantity of this product distributed officially in grocery stores and supermarkets.

It had already been learned that some suspects tried to destroy this essential proof of the crime. One was Jesus Navarro, manager of Supermarket 223 located at Reina and Chavez. When arrested, he confirmed that he bought the merchandise from Orlando Gonzalez and Bastard. He said that they sent it to him on enterprise trucks with drivers known to him.

When Jesus Navarro was arrested, 121 bags of Aval and other industrial detergents were recovered. The audit showed a shortage of 9,538.15 pesos which nothing could explain.

Surprise Inspection

On 10 November 1978, citizen Carlos Jimenez, acting chief inspector of the supervision section, ordered inspectors Hector Alvaro and Oscar Aguilera to make a surprise visit to three grocery stores of business enterprise 2 in Centro Habana.

One of the units visited, located at Valle No. 75 and managed by P. Lucio del Sol, had 47 bags and 68 pounds of detergent in the sales area.

The visitors requested a bill to justify the merchandise and the manager requested permission to go find it.

When they saw that he was taking more time than expected, the inspectors called their chief, Carlos Jimenez, to inform him of the situation and press charges.

Jimenez responded that he would take responsibility for calling the economic crimes specialists of the PNR and that they should not worry but leave everything to him. In this way, Carlos Jimenez committed the crime of bribery.

The police explained what actually occurred.

Lucio del Sol had purchased 50 bags of Aval from his brother-in-law and had received the corresponding falsified bill. However, out of fear, he did not show it to the inspectors.

When he left his store, he went to the office of Orlando Gonzalez, manager of the enterprise, and explained what happened. Gonzalez' answer was calm and confident: "Don't worry; that can be taken care of."

His two companions--Antonio Pena, manager of Supermarket 1005 at San Lazaro, and Luis Lara, food specialist from the Ministry of Domestic Trade in Ciudad de La Habana Province--agreed with him.

Together they went to the offices of Wholesale Warehouse 205 to find the business chief, a personal friend of Luis Lara.

They asked her to make the bill legal and Margarita Valdes agreed. She looked in the files and found Account 17877-71 shipped to Del Sol's store. It indicated shipment of a case of pepper to which she added 50 bags of detergent worth 2,610 pesos.

With the legalized document, the partners returned to Lucio del Sol who was waiting for them. He was satisfied and went to his grocery store but the inspectors had already left.

The next day Carlos Jimenez, as acting chief inspector, took the bill to Miguel Sanchez, director of Centro Habana Food Enterprise No. 2, who automatically included it in the book of operation records. With this action, he became involved.

The economic crimes specialists and investigators worked carefully to collate documents and examine accounting books to verify violations and make arrests. They arrested Margarita Valdes but let her return to her residence after she admitted the deeds.

Carlos Jimenez was conspiring with Luis Lara and Orlando Gonzalez.

When these last two learned that Jimenez had been promoted to chief inspector, they contacted him in order to find out what retail outlets would be inspected and avoid problems.

This agreement was confirmed by the delivery of 400 pesos initially, then a smaller amount and then 3 pesos per bag.

When the first part of the operation was over, Carlos Jimenez suspected that they had cheated him, that they had not given him all the guarantees to continue the transactions, so he decided to give a demonstration of strength using the inspection of Lucio del Sol's grocery store.

The criminals thought that everything was all right and continued their activities.

Director of Enterprise Involved

The police investigations led directly to the arrest of Juan M. Sanchez, director of Retail Food Enterprise No. 1 in Centro Habana. In the year he held these duties, he carried out illegal activities with managers Daniel Diaz and Jesus Navarro.

They gave him payments of 100 and 200 pesos so that he would use his office to protect them in the sale of detergents and other negotiations.

When he was transferred to Enterprise No. 2, he worked with Jose Nodarse and Antonio Pena, the latter from Supermarket 1005 in San Lazaro. He received the same price to avoid economic supervision.

Juan M. Sanchez expanded his contacts with managers in the area and collected 500 pesos from grocer Virgilio Barcelay and 400 pesos from manager Elvira Varona for the same reasons.

The detergent used by the people is known as Espuma. Aval is occasionally distributed for use in washing machines.

The "industrial" product is not sold much because it hurts fabric. Its use was indicated for health installations.

All the arrested, including the director of the enterprise, were involved in illegal activities. Shortages in cash and products were discovered in the different retail outlets.

New Arrests in the Operation

One person who deserved special attention from police agents was Antonio Pena, manager of Supermarket 1025 in San Lazaro. He was arrested in November 1978 for embezzling more than 17,000 pesos. After the investigations, he was implicated in the sale of the detergent Aval and a shortage of 16,000 pesos.

Since he had so much money, he paid cash to the truck drivers who supplied him regularly.

After his arrest, the inventory officially showed 48 bags of Aval worth 2,088 pesos but a quantity worth 8,935.47 pesos was found in stock. This proves his illegal activities as well as his extensive relationships based on cronyism.

Pena admitted that he delivered quantities of cash to the director, the inventory clerks, the supermarket warehouse chief and other partners.

Another person arrested was David Trigoura, director of the municipal food enterprise in Habana Vieja, who denied the charges in spite of the fact that there were statements in the minutes of its board of directors which denounced the illegal sale of Aval and other products.

The existence of large quantities of detergent worth 68,000 pesos which was being sold illegally in his town was noted at these meetings.

The statements of Ramon Ruiz, business chief at this level, and other members of the board of directors refer to the meeting where these matters were presented and included in the minutes.

Trigoura did not adopt any administrative or legal measure to end this situation.

After he was arrested and the proper legal measures were carried out, the court set bail at 500 pesos until the trial.

Antonio Llanse and Luis Lara, provincial leaders of the Ministry of Domestic Trade in the capital, did not plan the theft and sale of detergent but participated in the transaction from their own positions. When they detected the crime, they became involved in it instead of going to the PNR.

Keeping in mind their administrative positions, these two individuals controlled the majority of the traffic of the product, aided by the information that Carlos Jimenez gave them as chief inspector.

Llanse and Lara later contacted the drivers who stole the detergent from the factory with the idea of centralizing the business and distribution.

This plan aimed at bypassing those who initially asked them to participate.

Their intentions were frustrated by the action of the PNR.

Why Can Things Like This Happen?

Captain Prieto Guzman, participating examiner, gave the following responses to the question of how these economic crimes can occur.

In the first place, they occur because the responsible officials do not usually demand fulfillment of requirements.

An example of this is that the business enterprises paid the Soap and Perfume Enterprise through bank transactions before they received the merchandise.

The employees of the Soap and Perfume Enterprise were negligent in shipments. The driver who picked up and transported the detergent was not identified, the bill was not collected and the name and vehicle registration of the driver were not verified.

Drivers Gualberto Galan and Cosme D. Valdes, among others, had different numbers on their driver's licenses and even the license plates of the truck but no one noticed this when they picked up the products.

Another of the causes is management irresponsibility and negligence by failing to protect goods belonging to the state and the people. This is demonstrated by the number of officials from the enterprises of the Ministry of Domestic Trade in Havana involved in this disgusting activity.

For all these reasons, the police examiners proceeded to initiate preliminary proceedings against all those officials who did not know how to carry out their duties and obligations.³

This bitter experience is a warning to all outlets and enterprises involved concerning the preventive measures directed by the PNR which must be continued to prevent repetition of crimes of this nature.

Explanations

The legal terms used are based on the new Penal Code effective November 1979.

¹Embezzlement, Article 396: "1) Anyone who has, by reason of the position that he holds, the administration, care or availability of goods of socialist, state or cooperative ownership, owned by social or mass institutions or personal goods in the care of a state economic entity, and appropriates them or lets another person appropriate them incurs the punishment of 2 to 5 years imprisonment. 2) If the goods appropriated are of considerable value, the punishment is 5 to 20 years imprisonment."

²Bribery, Article 169: "Any public official who receives, directly or through an intermediary, a gift, present or any other profit or benefit or requests, demands or accepts an offer or promise to execute or omit an action related to his duties incurs the punishment of 1 to 8 years imprisonment."

³Nonfeasance, Article 262: "Anyone who, as a consequence of not fulfilling his obligations from his position, job, occupation or office in a state economic organization, especially referring to compliance with regulations or instructions concerning technological discipline, causes considerable harm or damage to production or services in the organization or to its equipment, machinery, tools and other technical means will be punished with 6 months to 3 years imprisonment or fines of 100 to 500 payments or both."

7717

CSO: 3010

CLERKS, MANAGERS INDICTED FOR RETAIL ABUSE

Havana TRABAJADORES in Spanish 17 Jan 80 p 3

[Article by Giordano Boudet: "Seventy-Eight Citizens Indicted for Irregularities in the Sale of Merchandise to the People"]

[Text] For violations of socialist law to the detriment of the popular economy and state interests, 47 citizens, including workers and directors, belonging to more than 100 retail outlets for the sale of food and industrial products and restaurants in the cities of Havana and Santiago de Cuba, have been indicted.

This is the result of work accomplished since December by the Ministry of Domestic Trade in coordination with the people's government and Economic Policy by means of inspections at the establishments.

Included among the units inspected are 14 butcher shops in Cerro and Rancho Boyeros municipalities and 30 restaurants throughout the capital, as well as 61 others belonging to various foreman specialties in Santiago de Cuba.

Also in the municipality of Cruces, Cienfuegos Province, 31 other citizens who work in commercial and prepared food establishments were indicted for the reasons mentioned previously.

The most common violations committed by the lawbreakers in the sale of food and industrial products are: collecting too much, claiming to be out of and concealing merchandise, altering prices, shortages in inventory, violation of the purchase groups, and failure to cancel coupons.

In the prepared food area the following discrepancies were detected: concealment of merchandise, not selling existing products, wasting or putting up for sale in bad condition, and failure to comply with technical norms.

According to the report of the Market Trends and Behavior Directorate of the Ministry of Domestic Trade, during the month of December 161 units

were inspected and 28 cases were brought before the courts. Furthermore, there was forwarded to the Legal Department a report of the Cotorro Joint Enterprise listing five persons involved in some of the aforementioned violations, and they will be brought before the competent authorities.

7428

CSO: 3010

VIOLATIONS OF WORK STANDARDS DAMAGE NATIONAL ECONOMY

Havana TRABAJADORES in Spanish 12 Jan 80 p 2

[Text] Payment for production, also called linking the wage to the norm, has as its basic purpose the reduction of costs and the raising of economic efficiency, production, and productivity.

The fulfillment and overfulfillment of the norms constitutes an incentive to the worker, who receives wages in accordance with the quantity and quality of his work and at the same time contributes to increasing the goods created and the services rendered.

But if the norms are established on the basis of the work conditions--the skill and qualifications of the worker, adequate technical conditions and necessary organizational conditions--any change in those elements can carry with it the modification of the norm.

Resolution No 236 of 1979 establishes the rules on the conditions and periodicity for the updating of the norms, in those centers where payment is based on work output.

The distortion of the objectives proposed in the system of payment for work output has been pointed out on innumerable occasions by the leaders of the party, government, and unions.

In contradiction of these provisions, there are repeated violations of the principles of payment for work in effect in our socialist society, and this does harm to the workers and to the national economy.

Let us offer a negative example of the result of failure to update the norms, as provided for in the labor legislation in effect, and the consequences that this brings to a labor collective, to the personal economy of the workers, and the economy of the country.

The Letter That We Received

In a letter to our editorial staff, Comrade Joaquin Leon Figueredo, a worker at the Ignacio Perez stone mill in La Manteca, Pilon, Granma Province, expressed the following concerns:

"Our center was linked in February 1976 with an equipment park in good condition. We were told every 6 months there would be a review to see how the parameters were going, whether the conditions were increasing or decreasing. Since the link was established in 1976 no review has been made; as a result, and because of the age of the equipment (9 or more years of operation), the workers are being affected economically.

"Complaints have been made on different levels, and nothing has been done; to give you a clearer idea, complaints were made to the Pilon municipal CTC [Central Organization of Cuban Trade Unions], to our enterprise's union, and to the provincial CTC; this was done by the center's union organization. Through the administration complaints have been made to higher authority, and no results have been obtained, in the form of the review so long expected by the workers."

Our editorial staff referred this case to the headquarters of the National Union of Construction Workers, and it in turn referred the matter to the labor organization secretariat of the provincial council of that union organization in Granma Province.

7428

CSO: 3010

CUBA

WORKER DISCIPLINE, UNEXCUSED ABSENCES, VIOLATIONS STUDIED

Havana TRABAJADORES in Spanish 10 Jan 80 p 3

[Text] AIN--The provincial committee for the study of labor discipline in Holguin has detected the existence of 348 centers with unjustified absences and 82 with violations of resolution No 24 which sets standards for the evaluation of the workers.

The working group, formed less than 3 months ago, stated in its first report that the irregularities were detected following analysis made at 941 work collectives, most of which provide services.

The centers in question have more than 62,500 workers, and the report sent to the labor and social security committee of the National People's Government Assembly revealed that the inspection program was 74 percent completed, but will continue as an internal matter.

In its first meeting of 1980 the provincial committee approved the timetable for the drafting of the final report on the study of labor discipline in each municipality.

7428

CSO: 3010

MATERIAL INCENTIVE BONUS APPLIED TO AGRICULTURE

Havana TRABAJADORES in Spanish 10 Jan 80 p 1

[Article by Edith Martin: "Incentive Bonuses Will Be Applied to Agriculture Beginning in February"]

[Text] "Beginning in February the incentive bonus system will be applied to almost all food crops in the country, as well as to the livestock sector; the completed fields policy is going to be observed without revision of the norms, and the farm workers will be paid for everything they produce."

The foregoing statement was made by Rene Penalver, secretary general of the National Union of Agricultural and Livestock Workers, at the first meeting of the labor councils of Havana held at the Workers Palace with 400 delegates of the labor organization in the province attending.

In summing up the meeting, at which aspects of labor discipline and the functioning of the labor councils in Havana were discussed, the labor leader pointed out that it is unquestionably necessary to solve the problems of labor discipline with courage, without softness, and without favoritism.

He pointed out that the working class had to become the prime mover of the economic transformation of the country, and that the labor councils must play a pivotal educational role in channelling the interest of the workers along the path of an attitude in consonance with the principles of our society.

He argued that under the present conditions of the organization of labor it was not possible to speak of a wage increase, and he emphasized that this must be given by the effort made by the worker. "The basis for solving existing problems," he said, "originates in production and increased productivity."

At the beginning of the assembly, Ceferino Sanchez, secretary general of the Agricultural and Livestock Workers Union in Havana Province, read the central report, which contains critical information on the non-fulfillment of the work quota in the agricultural sector of the province.

The document also deals with the decrease in production and productivity of the agricultural branches and the violations of labor legislation in force on the part of the administrations of various enterprises.

7428

CSO: 3010

YOUNG PEASANTS COMPLAIN ABOUT POOR RECREATION FACILITIES

Havana ANAP in Spanish Oct 79 pp 12-13

[Article by Chongo Leiva and Cornelio Batista in monthly organ of the National Association of Small Farmers]

[Text] The subject of recreation for our youth, especially in the rural areas, is one of the problems to be resolved in each case by the corresponding agency.

There is no doubt that in the total formation of the "new man," an endless number of requisites are necessary which, beginning with education, include among other things a discipline for good taste in music and other artistic and cultural manifestations, engaging in sports, etc.

The solution of this type of problem did not interest capitalism at all when it existed in our country; on the contrary, capitalism encouraged the brutalization of the adult and youth masses in order to enrich itself at the expense of their ignorance; but our society is seeking a solution, precisely because it is just, sensitive and human.

It is no secret from anyone that the revolution has constructed thousands of sports, educational, library and cultural and other types of institutions for the people and for our youth; however, it is a fact that this situation has more urgent dimensions in our rural areas, and still more when those areas are "mountain-bound"--in the mountains where it is difficult to transport resources and to maintain a more direct communication with the always and ever more demanding youth.

That growing anxiety of our youth for all aspects of social development implied by the formation of new lifestyles, of new customs in accordance with the modern era, must be channeled through their direct participation in the great work of the revolution, but that youth mass must be stimulated with all the means and resources possible so that it will feel motivated by the realization of those great changes.

Education, the various cultural pursuits and sports are indispensable elements in the formation of the followers of our revolutionary work. This

will logically have its broadest realization when rural families have been brought out of their isolation and live in communities.

We present below some brief interviews with young people from the Las Coloradas mountain area in Palma, Santiago de Cuba, and from the area known as Columbia, in Palmira, Cienfuegos Province.

Felipe Zapata, 20 years of age, is in training as a coffee worker in an educational facility for that crop which functions in Palma.

"Look, around here the young people don't have any incentive; for example, the last dance we had here was when the Benjamin Pardo Agricultural and Livestock Production Cooperative was organized at the end of last December. Since then there has been nothing. This year there were dances in Dos Palmas, and when they have them there, then they bring beer here to Las Coloradas. We feel isolated; we see that there are activities in other zones, but nothing ever goes on here.

Maria Antonio Bizet, 9th grade, 23 years old:

"It has been a long time since any ICAIC [Cuban Institute of Cinematographic Art and Industry] truck has brought any films up here; I can tell you that it has been about 2 years. If we want to go to the movies, we have to go to El Cobre, to Santiago, or somewhere else; the biggest entertainment we have here is the battery-operated radio over which we get the news and hear musical programs; there are no sports here at all."

Luz Maria Bonell, 6th grade, 27 years old:

"We need a secondary school here very badly so that we can continue our studies. Thirteen of us at Benjamin Pardo CPA [Agricultural and Livestock Production Cooperative] have finished 6th grade, and eight more are studying to finish it, and now what shall we do? The young people here are like those in the rest of Cuba--happy, party-loving, workers--but here we get bored looking at each other because there is nothing to do. You can go up and down every hill and you will find it is the same as here."

In Other Regions

The following interviews are from the zone known as Columbia, in the Municipality of Palmira, Cienfuegos Province.

A Student Speaks

Elaise Garcia, a young student at the EIDE in Cienfuegos, is 14 years old. When asked about the recreational activities in which she participates in that zone, she told us: "My chief entertainment, when I am free, is playing baseball with other kids. Not having the equipment necessary for practice, we borrow some gloves, bats and balls from the INDER [National Institute of Sports, Physical Education and Recreation] workers' team.

"The nearest people are 7 kilometers away; that is the only place we can go to see a movie, since the ICAIC mobile units do not come to this zone. If there is a good movie, we have to walk or else wait for transportation, which is very difficult to get.

"We have no other kind of entertainment here; since we do not have electricity, we can't even watch television.

"I think the most important thing for us who live in this isolated zone would be the construction of a social club, and although we have requested this from the People's Government several times, to date we have not gotten anything.

"At the time of the baseball championships, sometimes we enjoyed a tournament among the workers' teams, but outside of that the sports activities are conspicuous by their absence.

"What I would most like, as a young peasant residing in this locality, is to have electric light, since then we could have television which, when other forms of entertainment are lacking, is a good distraction; and after that, it would be best if we had the social club.

"The nearest social club is in Cartagena, 7 kilometers away, and we go there when they have a good film.

"My favorite sport is baseball, and I am practicing judo in the EIDE where I am enrolled. As for art, I like music and painting."

Barbara Says:

Barbara Sosa, 17 years old, has finished the 9th grade and is now studying typing three times a week. Her father, who is a farmer, raises sugarcane. "The only entertainment we rural girls in this zone have is to stay at home and, when we can, meet with a small group of friends from the barrio. We cannot go out like the boys, who can get a truck or walk alone to other places, and sometimes then can enjoy some sports activity. We young rural women, when we want to go to a dance or a movie, have to go with our parents or with some family member; if not, we cannot go.

"I want to make clear that the only time we go to dances is during carnival; then we go to Rodas or to Cienfuegos, but we don't get to do this every day, only once or twice at most.

"As for the beach, another type of recreation I like very much, the only one we go to is Rancho Luna, when a group of families gets together in the summer to spend a Sunday there. That beach is about 40 kilometers away.

"As far as reading is concerned, my greatest entertainment at present is reading the stories and novels which are published in Cuba. To get them I have to go to Rodas, about 9 kilometers away, or borrow them from my friends.

"Now, about music--I like it all, but I prefer dance music. I don't practice any sports because we do not have the proper facilities for them in the zone.

"I would ask them to build a social club for my area, since with that kind of local club we would be able to enjoy dances or cultural activities on Sundays or once or twice a month."

The opinions of these young people from the east and from Cienfuegos cannot be generalized for the rest of the country, certainly, but they reflect in great measure a situation which demands preferential attention.

It is true that all those needs cannot be solved immediately because of lack of resources in the majority of cases; but the construction of a club, the formation of a baseball or volleyball team, discussion with competent agencies to provide drinks and snacks for dances, the organization of musical combos, duos, trios or groups, the celebration of a party, film showings, horseback riding competition--all that and much more are things which can and should be done without having to wait for orders from "higher up"; they are suggestions and tasks which the peasants and the municipal organs of the people's government can and must take into their own hands and make them come true in order to spend happy, healthy recreational hours and even to work to rescue the best traditions and folklore of our rural areas. One only has to have one attitude: Willingness.

8735

CSO: 3010

BRIEFS

FAR POLITICAL WORK--The magazine **POLITICAL WORK** No 6/79 is already in circulation and covers the past two months. It contains interesting materials addressed to the chiefs, political bodies and organizations of the [PCC Communist Party of Cuba], the UJC [Union of Young Communists] and the FAR [Revolutionary Armed Forces]. With the title "Marxism-Leninism and the Cuban Revolution," the readers may find a little-known interview granted by our commander in chief, Fidel Castro, to a correspondent of an international magazine. Completing the contents are other articles of varied interests, among which are: "The Armed Forces of the Capitalist Countries and the Peculiarities of Young National States," "Party Criticism and Self-Criticism," "Premises of the Cuban Revolution: Objective Conditions and Subjective Factors," "Reflections About the Leadership of the UJC by the Organizations of the PCC," "Marxist-Leninist Doctrine on the Defense of the Socialist Fatherland; its Detractors," "On the Planning of Political and Party Work," and other materials. This number has in its last pages a categorized list of all the articles which appeared in the publication in 1979. [Text] [Havana VERDE OLIVO in Spanish 17 Feb 80 p 56] 8908

CONTENTS OF 'EL OFICIAL,' 'RTM'--The latest editions of the magazines **EL OFICIAL** and **RTM DE LAS FAR** are now circulating. The former, which honors Maj Camilo Cienfuegos on its cover, contains materials on the revolutionary life of the Hero of Yaguajay as well as interesting articles on the history of military medicine in Cuba, the determination of the possibilities of artillery fire and light-aided aiming. Other subjects in this copy are materials on tactics, reconnaissance and intelligence, vertical takeoff and landing aircraft of the capitalist countries, and in the "Let Us Learn About the World" section, there is an extensive monograph on China in which the history, politics, economy and the organization of its armed forces are discussed. The activity of the Ministerial Committee on Machine Tools is described broadly in an interview granted by the chairman of that institution to reporters of the

magazine RTM DE LAS FAR, which in its last number also gives us interesting articles on aircraft fire against ground targets, inspection of the technical state of armament in infantry tanks, use of batteries and reports on rationalizations. [Text] [Havana VERDE OLIVO in Spanish 10 Feb 80 p 54] 8908

MILITARY SCIENCE DEGREES--A large group of FAR [Revolutionary Armed Forces] officers and civilian workers were honored at a moving ceremony at the Main FAR Club, who after a praiseworthy effort, and because of their love for research, have obtained the scientific degree of Military Science Doctorate Candidates. During the ceremony, chaired by Col Fernando Fernandez, chief of directorate of the Ministry of the Armed Forces, the candidates made a solemn pledge in which they swore to continue research work in the various branches of military science with the basic goal of making a substantial contribution to increase the quality of the training process and to the levels of FAR combat readiness. Closing the ceremony, Colonel Fernandez spoke of the importance for the FAR of the scientific degree obtained by the comrades. [Havana VERDE OLIVO in Spanish 10 Feb 80 p 54] 8908

'PRELA' CORRESPONDENT PROMOTED--Jorge Luna, the popular correspondent of the Cuban news agency, PRENSA LATINA, leaves Georgetown in another few days on promotion to a new job, based in Havana. He said he has been appointed one of three editors in the agency's America division with responsibility for coverage of the Caribbean. The Peruvian-born journalist has been based in Georgetown for almost three years. And he explained, a replacement will be made some time around mid-year following reorganisation of the agency's coverage of the region for greater improvement. [Text] [FL061955 Georgetown GUYANA CHRONICLE in English 26 Feb 80 FL]

CSO: 3020

DOMINICA

BRIEFS

DLMA REJECTS U.S. COMPANY--The Dominica Labor Movement Alliance, DLMA, has called on Dominicans to reject an agreement reached between the government and an American corporation following last year's onslaught by hurricane David. The agreement provides for the creation of a Dominican economic improvement corporation which would undertake a wide range of developmental projects in the island. It was ratified by Dominica's parliament last week and involves the development and management companies [words indistinct] Los Angeles, California. The DLMA said Dominica's foreign policy would now be in the hands of a foreign corporation which would undertake to establish tourist offices in major cities of the world at its own expense to operate jointly consultate or consulate agencies of the country. The alliance said the corporation would have enormous influence in government since it would be paying for the offices and officers who would be representing the country. [Text] [FL032103 Kingston Domestic Service in English 2030 GMT 3 Mar 80 FL]

CSO: 3020

DOMINICAN REPUBLIC

SUGAR INDUSTRY ASSESSES MARKET AMID STRIKE PERILS

CEA Sales

Santo Domingo LISTIN DIARIO in Spanish 29 Jan 80 p 2

[Article by Jose Romero]

[Text] The State Sugar Council (CEA) has negotiated sales for this year of 310,000 long tons at an average price of \$12.68 per 100 pounds FOB. This will yield an estimated \$88 million in income.

The council has some 300,000 tons remaining to be sold, including close to 110,000 that are being negotiated with Venezuela.

Informed sources reported that the average price from last July, when the council entered the market, until September was \$10.97 per 100 pounds; 190,000 pounds were sold at this average price.

After the cyclone, however, the price began to climb, and from October to January the average price was \$15.40, with some 120,000 tons having been sold at that average. The last four CEA sales have exceeded that average.

The informants also said that the council has recently received many purchasing offers from brokers but that they have not been dealt with.

In any case, small amounts would reportedly be sold so as not to depress markets. Last Friday and yesterday, the market dropped 1 cent a day.

Yesterday's drop was attributed to an announcement by Coca-Cola in New York to the effect that it would begin to use 50 percent fructose or corn syrup in its soft drinks. Estimates are that this would cut consumption by between 300,000 and 500,000 tons.

The syrup sells at retail in the United States at 4 cents less than a pound of sugar and is being widely used in pastries and in the preparation of foods such as preserves and juices, etc.

The informants said that for the time being CEA is not interested in larger sales inasmuch as it is waiting to see what happens with market prices.

This is because it has already sold the 300,000 tons that it has to sell for the first quarter every year, thus avoiding overcrowded warehouses.

Sales of Sugar from the 1979/1980 Harvest (as of 16 January 1980)

Date	Buyer	Amount in Long Tons	Price per 100 net lbs	Shipment
19 July 1979	Cargill Inc	10,000	\$10.82	April/June 1980
15 August 1979	Czarnikow-Rionda	15,000	\$11.00	May 1980
15 August 1979	Acli Sugar	60,000	\$10.70	February/May 1980
21 August 1979	Amerop Division	30,000	\$10.72	February/April 1980
21 August 1979	Czarnikow-Rionda	45,000	\$10.72	February/April 1980
21 September 1979	Czarnikow-Rionda	30,000	\$12.17	February/April 1980
Subtotal		190,000	\$10.97	
9 October 1979	Philipp Brothers	30,000	\$13.45	February/April 1980
19 October 1979	Czarnikow-Rionda	20,000	\$14.50	February/March 1980
19 October 1979	Czarnikow-Rionda	10,000	\$15.00	March 1980
9 November 1979	Czarnikow Ltd	20,000	\$15.67	February/April 1980
12 November 1979	Czarnikow-Rionda	10,000	\$16.05	April 1980
29 November 1979	Czarnikow Ltd	2,500	\$17.00	February 1980
30 November 1979	Czarnikow-Rionda	10,000	\$17.01	April 1980
16 January 1980	Acli Sugar	17,500	\$18.215	May/July 1980
Subtotal		120,000	\$15.40	
Total sales		310,000	\$12.68	

Average sales price of the 310,000 long tons, \$12.68 qq/FOBS

Loss, Irresponsibility Claims

Santo Domingo EL NACIONAL in Spanish 30 Jan 80 p 3

[Text] (Special to EL NACIONAL) San Pedro de Macoris, 30 January--The manager of the Porvenir Sugar Mill said today that the mill lost more than a quarter of a million pesos because of the 18-hour strike organized by the mill's United Union last Friday the 25th.

Speaking with EL NACIONAL newsmen, Mr Alfonso Perez Marquez indicated that the Porvenir Mill lost about 15,000 pesos per hour of work stoppage, which gives a total of 270,000 pesos.

Mr Perez Marquez denied that he fired more than 700 workers who had gone on strike, as an evening paper had reported last Sunday. He indicated that he had fired only 116, because they had not complied with work rules.

The chief executive of the Porvenir Mill mentioned that another reason why he fired the workers was the total irresponsibility of both the union people and the workers, who left the equipment running as they left the plant, which could have caused major problems for the mill.

"At no time did we order arbitrary firings. All that we did was to stick completely to the labor code and impose the sanctions that it stipulates in cases such as the ones that occurred here," Mr Alfonso Perez Marquez noted.

The 116 workers who were dismissed are from all of the departments in the sugar mill. The manufacturing department saw the most firings as 37 persons were dismissed; the repair shop was the next hardest hit, with 26 firings, followed by the tractor operators, 14 of whom were dismissed.

In Mr Alfonso Perez Marquez's opinion, the workers' attitude was totally irresponsible, inasmuch as they did not even wait until 600 hours to begin the stoppage, as they themselves had decided, but, instead, began leaving the plant at 500 hours.

Other mills also reported firings; at Santa Fe, for example, some 64 workers were let go.

The military presence at all of the zone's sugar mills is being kept at the same level as on the day of the strike, when Special Operations troops systematically patrolled all of the mills, the areas around them and the city of San Pedro de Macoris.

One of the commanding officers of the Special Operations troops was asked about when they would leave the mills, and he indicated that they would remain until their superiors felt that they ought to withdraw.

Yesterday and this morning the Porvenir Sugar Mill was filled with people looking for work, realizing that the firings have given rise to many job opportunities.

The letter that the manager of the Porvenir Sugar Mill sent to the Labor Secretariat specifies that the dismissed workers (a list of whom is attached to the letter) violated Articles 374 and 78 of the Labor Code, including Paragraphs 12, 13, 19 and 21 of the latter, in addition to Article 136 of our labor legislation.

Dismissals Follow Strikes

Santo Domingo LISTIN DIARIO in Spanish 30 Jan 80 pp 1, 12

[Article by Hugo A. Ysalguez]

[Text] San Pedro de Macoris--An atmosphere of tension and fear prevails in several CEA mills where hundreds of workers were fired after staging a strike to demand 1 month's wages as an advance on the bonus to be paid out this year when the current harvest concludes.

A certain uneasiness can be felt around the Quisqueya, Santa Fe and Porvenir mills owing to the drastic decision of sugar authorities to dismiss the white- and blue-collar workers who took part in the 24-hour work stoppage.

Military and police personnel are guarding the installations at the above mills, and members of the CEA security force have taken strict measures to prevent internal demonstrations or other forms of protest by the unions.

Although the situation is tense, work at the Porvenir, Quisqueya and Santa Fe mills is proceeding normally, and the milling is being done at full capacity.

The leaders of the Porvenir and Santa Fe unions were fired, and it was impossible to contact them because they are staying away from the mills for fear of reprisals.

Many of the fired workers want to return to their jobs, while hundreds of unemployed laborers are coming to the mill offices every day to look for work.

It was not possible to interview the managers of the aforementioned mills because they were reportedly in the capital for a meeting.

Mr Chichi Castillo, the assistant foreman of security of state sugar mills, asserted that the CEA had brought back dozens of workers.

"The managers are going through the list of fired workers to bring back the ones who were not involved to a major extent in the strike," the CEA official stated.

He said that 122 workers at the Porvenir Mill had been fired but that 86 of them have been returned to their posts.

Worker Pedro Valerio stated that "it is not true that the workers are being repressed by the police."

Valerio, who approached this reporter as he was visiting the Porvenir Mill, asserted that no one had been arrested because of the strike staged there.

Another worker, who refused to identify himself, stated that the police and CEA officials are not permitting union freedom and that there is terrible panic among workers.

He said that the labor leaders of the General Workers Federation are afraid of approaching the mills because they believe that they will be arrested by the police agents who are patrolling the surrounding areas.

"These people want to blot out the sun with just one finger," the worker said after pointing out that none of the workers who had been fired have been brought back.

The rural police chief of the Santa Fe Mill, Teodoro Romano, stated that work is proceeding normally there.

He asserted that only 34 workers were fired and that their posts have not been filled.

"The firings were ordered because the stoppage was illegal and because the agreements between the CEA and the representatives of the workers were violated," Romano said.

He pointed out that the authorities are prepared to confront the persons who are behind the strike movement.

"Hidden behind the strike are political aims," Mr Romano opined.

He denied that the firings were encouraged by PRD [Dominican Revolutionary Party] Deputy Rafael Correa Rogers.

"We cannot allow agitation in the sugar mills because sugar is our main export, and a strike could damage the country's economy," Romano added.

It was reported that a total of 68 workers were fired at the Quisqueya Mill, but the administration is prepared to reinstate some of them.

The firings at the mills were denounced by acting Labor Secretary Dr Mario Garcia Alvarado, who urged the CEA director to reinstate the dismissed workers.

President Antonio Guzman will meet today at noon with representatives of several unions to discuss the dismissals at sugar mills and the grievances of CEA workers, it was reported.

Also, at 1500 hours the sugar union leaders will meet with CEA director Mr Gaetan Bucher to discuss possible solutions to the labor dispute.

Student Protesters Arrested

Santo Domingo EL NACIONAL in Spanish 30 Jan 80 p 14

[Text] (Special to EL NACIONAL) San Pedro de Macoris--The Secret Service has taken into custody eight persons accused of agitating and promoting strikes, disturbances, illegal gatherings, subversion of the public order and disobedience of the police during last Friday's work stoppage at the Porvenir Mill.

The eight are students Gilberto Guerrero, Juan Jaime, Jose Romero, Rafael Valdez, Wilfrido Garcia, Enrique Charles, Gregorio Guerrero and Jose Antonio Santana, as listed on the arraignment document sent to the government attorney in this town.

Maj Bienvenido Cruz Acevedo told EL NACIONAL that the students were arrested as they were preparing to stage a public demonstration near the Porvenir Mill.

Cruz Acevedo, the regional commander of the Secret Service, indicated that Luis Ramon and Luis Rafael de la Cruz (The Twins) would be arraigned at Secret Service headquarters in the capital.

"The Twins" are two student club leaders who were also arrested last Friday.

All of the arrested individuals were brought before the local government attorney, Dr Albis Cuevas Mota.

There are unofficial reports that the youths were taken to the Gen Pedro Santana Public Jail, but this rumor was not confirmed by Dr Cuevas Mota, who could not be located.

Yesterday morning, students at the Jose Joaquin Perez Secondary School were also arrested as they were rallying to protest the firings of sugar workers.

Separately, it was learned that classes were being conducted more or less normally at the Gaston Fernando Deligne Intermediate School near the Porvenir Mill, which has been occupied by police since Friday morning.

At various points around the city tires were set ablaze to protest the firings and to denounce the military occupation of the mills.

A source close to the regional headquarters of the Secret Service indicated that the De la Cruz twins would be indicted as the masterminds of all the agitation and as the instigators of all the demonstrations that were staged around the city. Both youths are students at the Autonomous University of Santo Domingo.

Student leaders in the city said that they were prepared to continue their struggle until they secured the release of their arrested comrades and in support of the just struggle of the workers at the Porvenir and other sugar mills.

CEA Director, Union Leaders Meet

Santo Domingo EL CARIBE in Spanish 31 Jan 80 pp 1, 6

[Article by Manuel Torres]

[Text] The executive director of the CEA told sugar union leaders yesterday that he would submit for council consideration the reinstatement of the state mill workers who were fired after recently declaring themselves on strike.

Mr Gaetan Bucher indicated that he was quite willing to reinstate as many fired workers as possible but that he must first consult with the CEA Board of Directors and then, in the event that the reinstatement is approved, submit the case to the managers of the mills.

Bucher made the statement at a closed-door meeting in his office with union representatives of state sugar mill workers to discuss the possibility of reinstating the workers who were dismissed during the strike.

He said that "if the board approves the reinstatement of the fired workers, the leadership will consult with the managers of the mills at which the firings were ordered."

The CEA leadership reported on Monday that as of then about 300 workers had been fired as a result of the strike that shut down the Santa Fe, Porvenir and Esperanza mills for 24 hours.

At a press conference yesterday, however, the secretary general of the General Workers Federation (CGT), Francisco Antonio Santos, asserted that "the CEA has fired 1,360 workers" at the mills that were struck.

The workers at the three mills staged a 24-hour strike last Friday to demand that the CEA increase its loan as compensation for last year's bonus.

The day before the strike the CEA signed an agreement with the Coordinating Committee of the Sugar Unions granting it a 3 million (peso) loan to pay for the equivalent of 15 days of work instead of the bonus for sugar workers, which was the original demand.

Before going out on strike, the workers demanded that the CEA set the amount of the loan at the equivalent of 30 days of work, but after the firings, the sugar workers reverted to their original demand of the bonus.

Bucher's statements were given by the CEA industrial relations manager, Dr Manuel Emilio Ledesma Perez, to the council's public information department, which released them to the press yesterday afternoon.

According to Ledesma Perez, the CEA director told the labor leaders that "he was quite willing to move to reinstate as many workers as possible."

He added that "nevertheless, Mr Bucher advised the sugar worker representatives that the matter had to be submitted to the CEA Board of Directors for consideration, and if the board approves the move, consultations will be held with the managers of the mills where workers were fired."

He indicated that "the meeting with the sugar workers was more or less cordial, except when CGT representatives argued that they had not signed the agreement that was reached last Thursday with the Coordinating Committee at the Labor Secretariat."

Ledesma Perez reported that "the main issue discussed at the meeting was the possible reinstatement of the fired workers. Nothing else was spoken of."

The union representatives did not issue statements at the close of the meeting because they had a similar meeting with President Antonio Guzman scheduled for 1900 hours.

President Guzman stated the day before yesterday that the CEA "acted properly" in dealing with the strike that shut down the three state mills over the weekend.

He asserted that "the sugar unions staged the strike even though the CEA had made concessions to them despite having run a deficit in recent years."

The chief of state pointed out that "you can talk about bonuses only when you have made a profit."

March Prohibited

Santo Domingo EL CARIBE in Spanish 31 Jan 80 pp 1, 6

[Text] The Secretariat of the Interior and Police has banned a march that the CGT had planned to hold today to protest the agreement on a bonus compensation signed by the CEA and several sugar worker unions.

The ban was announced by Vicente Sanchez Baret hours before the secretary general of the CGT, Francisco Antonio Santos, was released after being held in prison for 9 hours by Police Secret Service.

Santos said that as a result of the ban by the Interior and Police Secretariat, an emergency meeting of the national leadership of the CGT had decided to summon workers to an indoor gathering at union headquarters at 900 hours.

Santos was arrested at 700 hours yesterday by Police Secret Service agents who showed up at his residence in the Villa Fontana urban development in the capital, accompanied by the aide to the National District prosecutor, Dr Aridio Reyes,

The chief of police, Maj Gen Virgilio Payano Rojas, had reported that morning that Santos was being questioned "about matters that are of interest to the authorities."

However, Santos stated last night that during his arrest "I was not asked a single question."

Santos, who was released at 1700 hours, stated during a visit to EL CARIBE offices that his arrest was designed "to blackmail the working class that is waging a struggle, which is something that neither the government nor anyone else is going to accomplish in this country."

For his part, Sanchez Baret said that the Interior and Police Secretariat had told CGT leaders of its decision to ban the march, which was supposed to conclude with picketing in front of CEA offices.

Sanchez Baret stated that the Interior and Police Secretariat has to "safeguard the right-of-way that belongs to all citizens, and we have pointed out on several occasions that a march along public thoroughfares hampers transit and curtails the right of citizens to move freely throughout the country. Therefore, it has decided to not grant the permit."

He said that Interior and Police "has often pointed out the difficulties faced by police authorities in providing guarantees for a lengthy march, and inasmuch as it has reports that unscrupulous individuals are planning to cause disturbances and break the peace during the march, it has decided to report to the CGT that the event cannot be authorized."

He stated that he hoped that the CGT could find "more expeditious mechanisms to express its protest, so that order is not endangered and the right-of-way of citizens is not infringed upon."

He reiterated "in advance that it is the government's job to safeguard the rights of all citizens, not just some of them, and that the exercise of a right by some citizens must in no way curtail the exercise of those rights by the rest of the country's citizens."

Sanchez Baret called on the CGT and the country's other labor organizations "to always pursue activities within the framework of the law and the country's established legal standards."

He said that "the clearest demonstration that there is union freedom in the Dominican Republic is that the establishment of unions has been permitted throughout the nation, and at no time has their right to voice the grievances they deem proper been infringed upon."

"However," Sanchez Baret said, "the country's labor leaders are Dominican citizens too, and they cannot be above the constitution and our laws. The law applies to all, without exceptions and without privileges, and just as the bourgeoisie, the petty bourgeoisie and the lower petty bourgeoisie have to obey the law, the workers too are obliged within this legal framework to comply fully with what Dominican legislators have deemed proper and good," he added.

"The law is made to be obeyed, and as long as I head the State Secretariat of the Interior and Police, I will uphold the law, just as I announced when I assumed this lofty government post, and even after I leave the post, I will be a rigorous champion of law enforcement," he asserted.

The secretary urged the CGT unionists to be "understanding and to realize that it is preferable to conform to the law, so that we can thus avoid unnecessary confrontations that would be of no benefit at all either to the labor movement or to Dominican democracy."

ENERGY MINISTER DISCUSSES CUTBACK OF OIL EXPORTS

Quito EL COMERCIO in Spanish 9 Feb 80 pp 1, 15

[Text] Natural resources minister engineer Jose Corsino Cardenas warned about the danger of a slowdown in the country's growth rate and the inability effectively to cope with the many economic and social problems currently besetting the country, if investments in exploration are not speeded up and if these investments are not shared with foreign risk capital and technology. In statements to this daily on various aspects of energy policy and the mechanisms to be adopted by the Secretariat of State through its affiliated institutes, he expressed his optimism as to the future of the nation's petroleum industry. A decision has been made to strengthen the CEPE (Ecuadorean State Petroleum Corporation) and there is a determination to achieve an increase in the potential proven petroleum reserves, he said.

However, he remarked, the reduction in petroleum exports, estimated at 12.7 million barrels for 1984, will have repercussions on the dynamism of the country's growth, since there are no expectations as to any other major products that would take the place of hydrocarbons.

This decline in the foreign sales volume will be due to the growing consumption of petroleum derivatives at a rate of 15 percent per year.

On the other hand he said that fluctuations on the international petroleum market will have an effect on the Ecuadorean economy, primarily in the fiscal sector. However, CEPE is trying to sell petroleum at the best possible prices prevailing at this time.

Rationalization of Fuels

In response to a question as to the implementation of a program to rationalize the use of fuels, engineer Cardenas said that the president and the vice president of the republic and he, personally, commented on the adoption of a program along these lines.

He explained that this program covers various aspects. First of all, there is a long-range measure, such as the development of the country's water power sources to replace the thermal power plants; right now we are using 70 percent of the installed thermal electric capacity for electric power generation, a situation which will change in 1983 to a ratio of 50-50 with the launching of the Paute project and which will continue to improve through the execution of other hydroelectric power plant projects which we are planning to initiate under the current administration with the hope that succeeding administrations will continue this policy.

Ecuador has vast water power resources which can be used both for irrigation and for hydroelectric power generation; in this respect, we estimate that we have a potential of more than 22 million kilowatts of which we have only used 0.5 percent.

Secondly, we must adjust our consumption structure to the petroleum derivatives production structure because right now those two do not correspond to each other. We have also prepared a drive against the smuggling of fuels which are sold to neighboring nations due to price differences and which are shipped by sea in foreign vessels at prices lower than international prices, many times with the complicity of some officials of various government agencies--a matter which we are looking into so as to implement the corresponding legal penalties.

On the matter of fuel prices, we have already adjusted some prices in important sectors, such as turbo-fuel for the foreign airline companies which was sold at a subsidized price and we have adjusted to the international market level; we have also adjusted our fuel prices for domestic airline companies and maritime shipping companies which have international routes, to a higher level, although these prices are still not subsidized. These measures mean the Ecuadorean government will recover around 750 million sucres during the present year. As for domestic market prices, we must shortly make adjustments in diesel and bunker prices for big consumers.

Regarding gasoline and other fuels sold retail, we are studying adjustments in their price and quality structure in order to come up with a decision which will protect the interests of low-income consumers.

He added that it is obvious that these prices, in addition to applying to products that do not meet the requirements of the new types of engines designed for maximum efficiency and fuel savings, were also very low and are facilitating waste; what is worse, they stimulate smuggling. A good rationalization policy must necessarily take those aspects into account because the sum we lose due to lack of action in this field could be used to finance the social development investments to which the current administration is committed, such as education, housing, and health programs, hospital equipment and the creation of new sources of employment for the

country's growing manpower supply. Besides it is evident that, if we want to develop our hydrocarbon resources through our own efforts, the country will have to produce the savings necessary for the respective development programs through better evaluation of such resources and rationalization in their employment.

"Bunker" is only one of the rationalization problems we have. We are currently producing bunker in excess of our consumption needs (12,000 barrels per day needed, as against 37,000 barrels of daily output); we must export this surplus because there is a big market here although the price level is substantially lower than the level for crude petroleum. Moreover, due to the fact that we have stimulated the consumption of diesel fuel, there is a shortage of this product for domestic consumption and we must import it at more or less 20.00 sucres per gallon in order to sell it at a price which is a little more than 15 percent of that figure; this is why we must make an adjustment in the corresponding prices, without regard as to maintaining the subsidy level in relation to the international price although this at least covers the respective costs, considering domestically, looking at domestically produced and imported diesel.

We are promoting a policy aimed at using bunker in our energy generation from thermal plants.

Crude Exports to Drop

It is true that the development plan was drafted on the assumption that, by the end of this 5-year term, due to the growing consumption of petroleum derivatives in the country, at a rate exceeding 15 percent per year, the amount of available crude for export will have been reduced substantially from 38.8 million barrels per year in 1980 to 12.7 million barrels in 1984.

This quite logically will have noticeable repercussions on the dynamism of the country's growth because we do not expect to find any other major products in our exports which would replace petroleum.

It is true that we are hoping for a growth of fishing product exports from a sector in which we have a group dynamic and capable enterprises; we are also looking to the agribusiness products sector, especially cocoa and coffee, sectors in which the national government proposes to provide a determined impetus but which in no case will replace petroleum.

Toward Stepped-Up Exploration

Because of all of these circumstances, I feel that one of the problems this administration must face is the problem of increasing exploration

operations, especially regarding the increase in proven reserves in the areas already subjected to exploitation.

When I announced to the country last December that the administration would have the task of doubling the proven reserves, I did this on the basis of the conviction that it was necessary to make a maximum effort to achieve this. The objective of increasing our proven reserves will be feasible only if we strengthen CEPE both in the area of technical training and in terms of its administration-financial structure--a matter to which this ministry is assigning vital importance. We are working hard and on this opportunity I can confirm that, thanks to the work of the CEPE and its team of technicians, we will, within a period of 18-24 months, include in our production the proven reserves in Cuyabeno, Sansahuari, Bermejo, and Charpa, with a total of 85 million barrels; in the sector of the CEPE-Texaco Consortium, which goes under the name of Culebra-Yuca, we have estimated a total volume of proven reserves amounting to 101 million barrels; over the next 2 months we hope to carry out exploratory work which could help increase this figure considerably.

In the area of the CEPE-Texaco Consortium, I gave instructions to assign priority to the drilling of exploratory wells in the pre-Cretaceous zone, at depths between 16,000 and 20,000 feet--areas where we hope to find good-grade petroleum in quantities which, hopefully, will be promising.

These reports show that there is certainly a possibility of meeting the administration's goals, he said. The Ecuadorean Amazon region continues to hold great promise and this has begun to turn into reality. It is up to us to continue the effort begun in order to give the people of Ecuador the facilities which they require for their development and their prosperity within a context of justice and social change, without neglecting the indigenous population in the region and those people who have moved into it from other parts of the country and who are only justified in demanding greater attention to their many problems. The eastern part of Ecuador contains vast resources. In addition to hydrocarbons, we have hydroelectric resources, forestry and mining resources, and others. We must point out, for the information of the Ecuadorean people, that, when it comes to petroleum, we have explored only 30 percent of that territory and that it is everybody's duty jealously to guard this inheritance which perhaps holds the key to the nation's future. This is why it is a concern of the national government to make the Putumayo (as well as other rivers belonging to Ecuador) an ever more Ecuadorean river, linking it to the country's capital through a permanent line of communication, along with the development of a port which would strengthen our sovereignty and our rights in the Amazon area with all of the responsibilities deriving from that.

New Petroleum Policy Phase

As we know, the new phase in the nation's petroleum policy involves the opening of other areas with a hydrocarbon potential to risk capital and

foreign technology through hydrocarbon operations contracts spelled out in the Hydrocarbons Law. The drafts containing the models of these contracts are ready and we will devote the next several weeks to spelling out their scope and we will try to quantify the possibilities they offer to the investor, keeping in mind that, if the prospecting companies do not find any petroleum, the government would not owe them anything for their investment because they run the risk alone. If they do find petroleum or gas, they will be rewarded for their services and their investment and they will be assured of adequate profitability, in accordance with the parameters to be determined in the contracts. So far, the mere anticipation of this open-approach policy has already aroused the interest of numerous private and public companies from other countries.

At the proper time I will announce to the country the initiation of this new phase of Ecuador's petroleum development.

In the meantime, using the CEPE, we are stepping up our exploratory activities and we are contracting for technical services for this purpose, especially to get some more specific ideas and as to the hydrocarbon possibilities in the Ecuadorean litoral and, particularly, the underwater shelf, so that we may be able to negotiate with the enterprises responding to our bidding invitations in terms that will protect the national interest.

New Estimate of Reserves

Looking at the production areas next, we hope shortly to come up with a new estimate of the country's reserves so that we may with greater certainty determine the amount of reserves, including secondary reserves, re-evaluate the production systems, and figure out the rates that will assure the rational exploitation of our resources.

In response to your question, we hope that, during the second half of this year, we will be able to increase our output rate by about 5 percent; we hope that, during successive years, we will be able to continue this increase in the rates between 5 and 10 percent. Thus, by the end of the 5-year term, we hope to attain the goal of doubling our proven reserves and reducing the shrinkage of our hydrocarbon exports, something which we cannot avoid precisely because of the investment vacuum which developed prior to this administration, in regard to prospecting operations.

I look with optimism toward the future of the nation's petroleum industry but at the same time it is my duty to warn that, if we do not speed up our exploration investments and if we do not share these investments with foreign risk capital and technology, we will be in danger of weakening our growth rate and we will be unable effectively to tackle the many economic and social problems currently besetting the country. The task

of exploration must be continuous and permanent because this is the only way we can guarantee the coming generations that they will live in a prosperous nation; this is also the way to provide the financing for the development investments which are planned for future administrations. It must be our task to achieve a petroleum prospecting pace at a rate that will assure sustained growth of the GNP, that will cover our population growth and bring about a permanent improvement of the Ecuadorean people's prosperity. As pointed out in the current National Development Plan, this means that we must assign high priority to investments in the national energy sector as the only way, for some time to come to guarantee the nation's economic and social future as minister Cardenas pointed out.

5058

CSO: 3010

OFF-SHORE OIL EXPLORATION CONTRACT SIGNED, WORK BEGINS

Quito EL COMERCIO in Spanish 13 Feb 80 p A-1

[Text] The earthquake prospecting program was begun yesterday in the waters off the coast of Ecuador in order to confirm the possible existence of hydrocarbons in the area.

The operation is being handled by Western Geophysical on the basis of the contract which the manager of CEPE (Ecuadorean State Petroleum Corporation) signed with that United States Company at a cost of 45 million sucres.

The start of this project marks the resumption of seismic prospecting activities along the Ecuadorean coastline which were suspended since 1975 when 3,240 kilometers of general seismic lines were plotted, covering the entire length of the Ecuadorean continental shelf.

The work which was started yesterday is a detailed operation and is intended to provide a more precise knowledge of the geology of the subsoil in shallow waters as well as to determine with greater accuracy those structures which present many possibilities for the accumulation of hydrocarbons and which were detected through general seismic research.

According to an announcement at the CEPE, the start of seismic prospecting activities in the off-shore areas is in keeping with the intention announced by the corporation's management to provide impetus for this activity which was considered indispensable in prospecting for new reserves.

It was recalled that another contract was signed several days ago, calling for plotting 1,800 kilometers of seismic lines in the eastern region, with the participation of the General Geophysical Company of France.

In addition, the CEPE has issued bidding invitations to companies interested in conducting seismic research in-shore; the CEPE hopes to start these activities in the latter part of this year which would mean that the corporation's exploratory operations will provide impetus in the eastern part and along the coast.

BRIEFS

EXPLORATORY WELL--The CEPE (Ecuadorean State Petroleum Corporation) will drill a trial well along the coast of Manabi for the purpose of confirming the existence of hydrocarbons in the area. The CEPE will do this work this month in view of the outcropping of gas recording in various points along the coast of Manabi, especially at Manta. In addition, the agency will conduct a general review of all of the geological information available on the area. Upon completion of this review--which includes studies and drilling done during earlier years, especially those done by the International Petroleum Company--CEPE will drill a sample well for which it will use one of the derricks operating on the peninsula of Santa Elena. On 16 January, the CEPE manager, accompanied by various officials from that government agency, visited the area in order to inspect the gas leaks and to get the data necessary for planning the drilling process. CEPE has officially requested the mayor of Manta to set aside land for drilling work and he agreed immediately. [Text] [Quito EL COMERCIO in Spanish 1 Feb 80 p 1] 5058

CSO: 3010

SAN SALVADOR MAYOR DISCUSSES CURRENT SITUATION

San Salvador LA PRENSA GRAFICA in Spanish 11 Feb 80 pp 44-46

[Condensation of televised speech of the Mayor of San Salvador, Licenciado Julio Adolfo Rey Prendes; date not indicated]

[Text] "Dear Friends:

"Our city and the entire country are now caught up in a veritable state of chaos in a violence-filled anarchy. The intransigence of a few has caused the desperation of thousands. The impossibility for the majorities to achieve any realization of their aspirations by pacific means has obliged many people to resort to violence. What they have not been able to achieve in more than a century, those desperate people now wish to achieve in one day; what they have never been able to achieve by reason and through dialogue they now wish to achieve with intransigence and with negotiations supported by force.

Honesty in Politics

"This is true, my friends, but there are also other things involved in these events and in the current situation. We politicians are accustomed to studying popular needs; we are accustomed to discerning things most felt by the people, we try to interpret the people in order to present in our programs those things which the people want and need, assured that they are the things that the people want and need. Well, here is where the difference between one kind of politician and another kind of politician enters in. There are some politicians who use these needs not with the desire of solving the people's problems but with a different, ulterior interest and there are other politicians who see the need and who propose exclusively those things which are possible to realize. That is the difference between the honest politician and the demagogic politician.

"All politicians want to achieve power. That absurd accusation according to which one group wants to keep power and a certain other group wants to achieve power is nothing more than a statement of reality. Every politician, every political organization that exists, exists for the purpose of

achieving power. What is important is to know the difference in the motives for wishing to achieve power. The honest politician wants to achieve power to solve the problems of his country's citizens; the demagogic politician wants to achieve power in order to do something else. All of this that I am discussing is of course in regard to a country where democratic possibilities exist.

Democratic Process

"At this moment, the possibility of a democratic process is opening up in this country. The same change has become public knowledge through television, radio and the press, where everything can be heard and where everyone can make whatever statement he wishes. This is the beginning of the process. Nevertheless, if a process aborts and falls into the hands of a dictatorship of the extreme right or extreme left, then there is no possibility that a politician may stand up and come here before the television camera to clearly present the people's needs; that is why I am making this introduction of the reality in which we live and discussing the behavior of the politicians. I wish to refer specifically, as an introduction, to a few problems which we are going through in the municipal government of San Salvador.

Housing Problem

"The first problem that we have is the problem of sub-standard single dwellings; of course, I do not mean only the shacks occupied by many marginally poor people who live in the metropolitan area of San Salvador. The people who live in cheap hotels, cabins and illegal shantytowns are also marginal.

"If we add up the sub-standard shanties, the low-class hotels and the illegal urban developments, we have a total of 75,100 housing units. With a population of 344,400 residents 47.7 percent, almost one-half of the population of the entire metropolitan area lives marginally. The total occupied area of those places is 1,738 hectares, which amount to 38.6 percent of the total area. In other words almost one-half the population lives on 38.63 percent of the metropolitan area. The total density is 894 inhabitants per hectare with family groups of 4.6 members. Most of the sub-standard single dwellings are found in San Salvador and most of the camps and also most of the illegal developments are on the outskirts of San Salvador. The low class hotels are found in the city of San Salvador.

"The reality of the sub-standard shacks is impressive, and while I am speaking we are going to see a few slides of those shacks; this reality, which without any question is not the entire reality, is really tragic. The life offered by these shacks is for the nuclear family; the family is lodged here; here five or six people are found, sometimes more, because two families may live in one house. They are badly constructed houses, made of adobe, boards or cardboard, with sheet metal roofs; on the pieces of sheet metal they put stones to keep the sheets from being carried away by the wind.

"The next slide shows a latrine; this latrine, according to evidence, is used by 50 families. The next slide is about water: Water is a very serious problem in all of these shacks. They have to pay a great deal of money for water, they have to make efforts, it is very expensive for them, and they scarcely have enough of it. Really there is no water.

"There we have the problem of the streets, the dirty streets, filled with mud in the winter, dirty because the cleaning equipment cannot enter and the garbage cannot be collected. There we also have another narrow little street and other dwellings and a few families. There we have a small cardboard hut, made of bits and pieces; but if you pay close attention, you will see that the lady of the house has put a fence around it. This means that she feels that she already has possession of that place and this is one of the important problems in the slums, that those people want to stay there. The slums are full of problems, but people want to live in those places and they constantly feel threatened. They also lack technical assistance, they have no possibilities for recreation, they have no communal centers where they can carry on activities, they live utterly on the margin of society. They live in a situation that is really sub-human, which cannot be conceived of in a civilized world. This is the situation in the slums.

Beginning of Dialog

"I have wished to present this serious situation in this way and I wish it could have been more dramatic, then to set forth the concrete problem that we have had in the municipal government of San Salvador; for the people who come in worried because they have been expelled from their houses, some from a place up there on the northern highway, others from a place near Soyapango took refuge in the San Jose school. They come into City Hall ostensibly to ask for cooperation. On 8 January they presented a petition in which they requested that a plot be given to them to live on. It should be given to them as their private property and not be one of the cabins belonging to the Treasury Police, and they should receive drinkable water service and electric light.

"This was their first demand, made on 8 January, and on 10 January I received them and talked to them. On that day they submitted that they wanted the land to be given to them. We told them with complete honesty and I will repeat it here that a piece of property cannot be given because then, in a country like this one, with such a large housing problem all over the country, it would be a disaster for the city of San Salvador. Everyone would come to take possession of the open spaces, green areas and parks, and they would seize all of this with the hope of having it given to them. Moreover, the truth is that in no part of the world does any country, socialist or capitalist, give away land to anybody, but if, under a conscientious democratic government, they reach out their hands, it helps, it works, it collaborates with the individual so that he may have his own home, and in this sense we are proposing a series of solutions to those people. Having to solve their problem, we have a series of

proposals to make, one important project. I will refer concretely to a project whose aim, in order to change these sub-standard zones into areas where people can live decently, is to arrange areas where they may have the necessary services of light, sanitation, streets and all those things which are indispensable for human beings to live adequately.

"We must face this problem, and in that sense, I wish to offer you a project, nothing more than an example of the great project, a single slum, the Renson slum, and here we have the Renson slum on the television screen. The number of families that live in this slum which is located near Concepcion Street, is 500, in an area of 2.92 hectares. This slum has a number of problems, and one of the problems that we have to solve is the problem of streets, so that they can have decent paved access, paths where people can stroll and walk all across the slum. Furthermore, we have the problem of channeling off rain water so that these floods can drain away, so that catastrophes and cave-ins will not occur, so that the tragedies that constantly occur may cease; we also have the problem of having to begin work on bringing in drinking water, a series of collective fountains and possibly later on piping water to every house.

"We also have the problem of light, which undoubtedly to a certain degree is what is nearest to a solution. We can convert these places into decent housing as you are going to see in the slide of the Renson quarter; that is a street that you can see there, dirty, full of mud and undoubtedly unfit for habitation. If we are successful in carrying out the project, there is a sketch by an artist who shows us here the possibility of changing these places into something fit to live in, into lots owned by the people who live there; lots that they can acquire. I suggested this idea to the people who came to the Externado as a pilot plan; the possibility that they might now acquire the land and that the land could be changed; we have some small resources which we could use to carry out this pilot plan, so that we might begin with them to do these things and be able to turn over to them an adequate plot of ground of some 32 to 50 square meters and not tiny little plots like those where they had lived before."

Popular Stubbornness

"No one can question that this was the suggestion that I enthusiastically offered to these gentlemen. What a young man answered me in the name of these families was the following: That they did not want that project, that they wanted to keep on living as they had always lived, that they were going to wait for the revolution to triumph so that they could have housing then.

"There is a possibility now, at this moment, to begin that project. There are economic resources from abroad, from the World Bank, it would be possible to begin in a few days.

"There are a great number of slums which are available and are ready for the commencement of this work. We can begin to work on it enthusiastically and convert that housing, which is not fit for human beings, into a proper type of housing.

"But they declare that they would rather wait for the triumph of the revolution. In Moscow, after many years of revolution, they have a terrible housing problem and that in spite of the fact that the Soviet Union produces the greatest amount of petroleum in the world and has all the minerals and in this poor country, without resources, with a large population and a series of tremendous problems, we have to begin to work now, to construct this country, to elevate this country and not wait one moment more. With each passing moment we sink deeper into misery, deeper into hunger and deeper into desperation; and that is why I lament the answer given by those people. Nevertheless, I offered them other alternatives. First of all I offered them a plot of land that is located in an excellent place with all services. That land is situated near Ejercito Boulevard, there is already a settlement there, there is already a slum, it is near the cotton warehouse; it is rather large, with a width of 55 meters and a rather great depth; 180 by 55 meters of this area is occupied by the settlement and the rest of the land is occupied by old cars thrown away by the National Police. The idea of City Hall is to move the fence by some 50, 100 or 150 meters, depending on the number of families, so that they may take up residence here. There is adequate water and access, and it is also close to the places where they have lived before.

"But they rejected this too and also in a newspaper they claimed that the spot was filled with scrap iron; of course, we weren't going to give it to them with the old cars; we were going to take them away and we told them so; and we would clean the land, in order to give them a piece of land where they really could live considerably better than before, and if they later wanted to further develop the rehabilitation of the place,--well, I have spoken to you before about this. Nevertheless, they did not accept that land. Since that moment, that was 21 January, I have not been able to see the directors in the Externado. The families are there; but the people who give order to the families are not there and since I have not been able to see them there I will show here on television the other piece of land that I will offer them. It does not have the great advantages of the first one, but it is a place where between 40 and 45 families could settle without the comforts of the first place. This is the land where the former Miriam market was located."

Another Possible Solution

"There is Lara Street, there is Sandoval Street, and here is the place where they can go claim their land. It is marked into quadrangles. I have also left a space here for a communal area to serve them and the entire community; because they are not the only ones who will live in San Salvador; there are another 50 percent who need adequate attention and who need places where

their needs may be serviced. I hope that this new offering will be acceptable to them. I want to solve their problem for them.

"However, what happened after that was that after refusing all the offers that I had given them and after many days when I could not find them to give them the last proposal, they began to attack me, they began to resort to the newspapers to attack me about the children and through the UPT [expansion unknown] and BPR [Popular Revolutionary Bloc], insulting me and alleging a great many things which had nothing to do with all the efforts the municipality was making for the purpose of solving the problem and they even used religious calumnies against me, which I would like to unmask tonight.

"First I will refer to the 22 April problem. That is a colony located near Ejercito Boulevard and the street that goes to Lamatepec colony, where there is now a settlement which is about to be crossed by a highway, a super-highway and a detour coming out on Ejercito Boulevard. These streets will cut that settlement in two. Those people have that problem and for that reason the leaders of that community, which is made up almost entirely of people friendly to the Christian Democratic Party [PDC], had been asking the party for help. For that reason I know something about the situation.

Unjust Accusations

"A horrible thing happened on 29 January. They kidnapped four leaders of the UPT who were there in that settlement and who were found murdered near San Martin hours later. The leaders of the slum went to the party to make their denunciation and left only a few minutes before the LP-28's seized the PDC's office. They almost were hostages too! What irony!

"We have investigated this occurrence. The party has already spoken of its investigations. We know that there was even an armored car, for which reason there is absolutely no doubt that one of the security forces was involved in the occurrence; but I have not come here to discuss just this problem. Then the UPT people declared that I was solving the problem with bullets by killing the people. You know where that land is located! It is located in the jurisdiction of Soyapango, not in the jurisdiction of San Salvador and there is something more important yet: That land no longer belongs to the municipal government of San Salvador; here I have a photocopy of the deed which declares that on 20 October 1978 the municipal government of San Salvador sold the land to the IVU [Urban Housing Institute]; so the land doesn't even belong to us in the municipal government, nor does the place where it is located belong to our jurisdiction.

"Nevertheless they allege that the mayor of San Salvador has the responsibility for what goes on in the slums, as they will probably say that he is to blame for what happens in every slum in the country even over in La Union or in Ahuachapan or any other place.

"That attitude seems absurd and irresponsible to me. When City Hall has been trying to solve the slum problem, they bring forth a statement and accuse the mayor of having something to do with those murders. I regret that accusation as a ridiculous one and I have demonstrated the irresponsibility of the demagoguery with which those people frequently act in such cases.

I also wanted to mention here the fact of what happened in the Rosario Church. The members of the UPT are there now in an act of protest, in a seizure to protest their situations and to protest a few other things; on Sunday 3 February some persons were looking at an exposition of photographs from the Popular Revolutionary Bloc which was being shown in the atrium of the church according to the same member of the UPT. By chance a garbage collection unit from the municipal government of San Salvador was passing in the street at that moment. As they were neither unintelligent nor lazy, 'the mayor ordered them to fire.'

"The new irresponsibility of yours, to accuse City Hall of using a garbage collection truck to do that, is what I want to show this moment: This is really an absurd accusation, because not only are they involving City Hall, they are involving the workers of the garbage disposal service, they are involving honorable people who have been working for years for the municipal government and those workers have come here tonight to speak to you, the people who are watching this program, and to tell you what really happened."

Obvious Innocence

"Now here are the driver and three of the workers who were with him.

"The drivers and the workers are: Daniel Aguilar, Ernesto Lainez Menendez, and Carlos Arturo Torrijos, the first two of whom have worked for the city 6 years and the third for 1 year. The driver is Oscar Vileda Rosales, who has worked for the municipal government for 12 years. I will leave the driver with you so that he can tell you personally what he wants to relate.

"On that day, Saturday 2 February, I left the Central Market loaded with a truckload of garbage for the fill and as I passed in front of the Rosario Church I could hear the sounds of bullets hitting and I knew we had to get out of there. We feel bad because they accuse us of having something to do with those incidents. We are honest and hard-working people and we were working then. For that reason I would like it to be completely clear that we have had nothing to do with those incidents, and that no personnel of the sanitary division had anything to do with what took place there. If we had known about that we would not have driven over on that side, but as people commonly remark 'thank God nothing happened to us.'

"Many thanks to you for being with us at this moment, and I believe there is no better opinion than yours in order to clear up this question. A garbage truck, according to those people, they were going to take it and

put it opposite the church so that everyone would see it! One of those trucks travels very slowly, so that everyone would realize that the municipal government had sent it to commit that atrocity! One has to be very ingenious, stupid or evil to make such statements; how does it occur to them that anyone is about to use a heavy truck like that, which hardly moves, to commit an atrocity and at the same time involve men who have been working there for as long as 12 years, responsible, respectable men who are earning their living? I believe that this is a new kind of irresponsibility; and I wish to deny, not only in the name of the municipal government, but also of the people who work in the municipal government, this accusation made against them.

"Here we also have a declaration by a union of workers in the municipality who probably will speak out tomorrow in the newspapers defending their comrades; the other union, as there are two in the municipal government, will also defend them. The two unions are ANTRAM and ASTRAM and both of them have spoken to their comrades and told them that they will defend them. I am grateful for that solidarity by the workers in defense of workers who had nothing to do with the incident. We will now consider something else; the workers have told me that there were two buses there, one a route 5 bus and the other a route 10 bus, and tomorrow it probably will occur to them to irresponsibly accuse the drivers of the buses of firing or of occupying a parapet. Of course, like all conscientious citizens, they condemn this crime, this assault, an assault which saddens the Salvadoran family even more, an assault which no one would want to see occur again in this country; but lamentably violence has put all of us in a difficult situation, where every day a greater number of human lives is lost.

"Finally, on the problem of the slums, I want to point out that I feel for the anguish of those people, I understand it, I know why they have come to the city government in their desperation. We are eager to help them, we have held out our hand, and we are still disposed to help in spite of the absurd accusations they have made. We want to help them, and we want to solve this little problem and to also begin to solve all the problems of the slums of the city of San Salvador.

Markets "Occupied"

"I wish to speak now very briefly about the problem of the markets. As you know, the market administrations were seized by the League 28's who took a number of hostages in December, and before the arrival of Christmas we decided to sign an agreement so that they would release the hostages. Here I have the agreement that was signed. I did not want the hostages to spend Christmas and New Year's there and I also wanted the situation normalized at the Christmas season when the women sell the most. For that reason I signed the document: "The mayor will present for its due approval to the competent authorities a project or decree which will include the lowering

of taxes by 50 percent. This project must be presented to the competent authorities." One of the competent authorities is the Municipal Council of San Salvador. I have had to work with the prior council, which cannot be considered responsible at this moment. I believe as of today or tomorrow we shall have installed a Municipal Council of San Salvador which will study the prices arbitrarily imposed. We will study them seriously and we will study them with the representatives of the market women so that the market system will not collapse. It turns out that now the League 28's have asked everyone not to pay taxes and have threatened the collectors that if they collect it will go hard with them. I know that with threats they can achieve a great deal, since this country has been under the boot of the one who has the weapons, the one who threatens, and the one who uses force for a long time.

"I believe that this is the moment when the will of the majority should be respected. I am sure that if in the markets of San Salvador we ask the customers whether they want to pay, they will pay, because they know that this is on their behalf, so that the markets can continue, so they can be clean, so they may be attractive, so that there may be advertising, so that problems can be settled, so that new conveniences can be built. For example, the Tinetti market has become a disaster area and many improvements must be made in it; the market ladies know this and they are in agreement with their comrades that they must continue contributing to fix up the market and, even more, to construct themselves a new market where they can work comfortably. Therefore I am sure that if force is not used this dramatic situation that we find today in the market system will cease to exist.

"I am sure that if we call on the market ladies from each and every market, especially from those three markets: Central, San Jacinto, and Modelo, where the ladies who use the market have been threatened, the users of the market would set up directorates of conscientious, hard-working persons who would work for their benefit, but there are now a few persons whose history you, the users of the markets know, and you know that under their aprons they carry revolvers to intimidate you. That is the situation in the markets. For the moment, in order to avoid problems, I have told the collectors to stop collecting for the time being; because I am sure that the market ladies themselves will be those who will respond to this situation, they themselves will understand that there have been enough humiliations and there has been enough submission to force.

Peaceful "Occupations" Don't Exist

"As for the municipal government, it is ready to collaborate. In closing I want to refer again to the League 28's. This does not concern the municipal government, but under these circumstances the christian democratic functionaries are trying to separate themselves from these two groups. Something must be stated. The LP-28's claimed that the headquarters of the Christian Democratic Party was taken; concerning this I wish to mention three things

only: first, that it is time to stop talking about peaceful occupations, because all peaceful occupations have been accomplished with machine guns and revolvers. There has not been a single peaceful occupation without arms.

"Second: in all these occupations they have captured hostages and then they have come to me to announce that they respect the human rights of the hostages, as if the fact of having such hostages already were not a violation of human rights; the fact of even having hostages incommunicado from their families and friends is another violation of human rights; the fact that the hostages are not fed, when abundant food is supplied on their behalf, is another violation. The day when in the party headquarters they were sent 200 pieces of chicken to feed 53 of the league members and the 14 hostages that were there at that time, those who were downstairs ate the chicken and on the following day they sent half of a piece of chicken to each one of the hostages and on another day they kept them on bread and water. That is respect for human rights? It is enough to hold them and that is already violation of human rights. Moreover, there have been threats of killing and there is one hostage who is sick and they have not given him any medical attention. All of these accusations that I am making recall to me other moments, other places, other times in this country. Times which unfortunately have not yet been erased, times which still exist in our country, times which we must eliminate completely in order to convert our country into a place fit to live in.

"Third: and as the last point with respect to this question I would like to refer to the documentation that is in the Christian Democratic Party files. They have seized the letters which were there, they calmly read them, they violate correspondence, they have broken in, reviewed the files of the Christian Democratic Party, they have seen where our co-religionarists are, they have seen the cards of our co-religionarists in the entire country.

"I would not like to make an irresponsible accusation like those which you frequently make and I would not like to declare that afterwards the sin will be upon your heads for what happens to those people, as you now know where they are, where they live and how they are organized, because you have broken in and opened the files of the party.

"I do not wish to make an irresponsible accusation here. I am simply thinking how loyal those 53 hostages must be. Are all of them faithful or is it possible that some have been infiltrated and that many of these documents are going to come to rest in the hands of the UGB and other organizations? What a great responsibility fell upon you when you occupied the headquarters of the Christian Democratic Party! That is how the seizure of the party headquarters and irresponsible accusations from the people of the UPT have made me come here on television to describe to all Salvadorans that at this

very difficult moment that our country is living through we have all of us to make a great effort in order to understand where truth is and where justice is, in order to understand this great effort that is being made to begin to change the structures of our country, this effort which has provoked a terrible reaction of violence, this effort which has caused a breakdown, including in the moral authority of some security forces, which has given new strength to violence to try to keep us from making changes. These changes will be made, however, because behind us is an entire people which has seen how we have behaved for 20 years; with consistency, with decency, speaking the truth and now that we have the opportunity we are not going to go away so easily without having first given the people at least the earth of the fields so that that land may go into the hands of the workers so that land may belong to the man who cultivates it; we are going to do it and we are ready to do it. I believe that the entire Salvadoran people will accompany us in this enterprise in which we will begin little by little to distinguish where the truth is, where the real changes for our people are, and where the demogogy is.

"Many thanks and good night."

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CSO: 3010

'EL INDEPENDIENTE' REPORTS ON AGRARIAN REFORM

Reform Law Announced

PA081329 San Salvador EL INDEPENDIENTE in Spanish 7 Mar 80 pp 1, 7 PA

[Article by Alfredo Parada]

[Text] Some people thought the government junta was using the agrarian reform as an excuse to stay in power, but they were surprised when the junta came through on its promise and issued the basic agrarian reform law yesterday at noon. The new law will make it possible for peasants--organized in cooperatives and communitarian organizations--to own land which is now being held by the oligarchy.

The publication of the new law no doubt took the people by surprise. However, the majority was glad because it means that a large sector of the population--the peasants--will become owners of the land, a right which had been denied them since ancient times by those who ruled and in the past 50 years by the powerful oligarchy made up of a few multimillionaire families.

The basic agrarian reform law is going to be implemented throughout the country, no matter what type of plantation is involved. This includes coffee plantations and others also controlled by the coffee magnates. The new law establishes that the government will insure that pastures for cattle, sugarcane plantations and other big agriculture enterprises are transferred to the peasants. According to the law it makes no difference what type of crop is being cultivated, the location of the estate, its productivity, the type of soil or any other characteristics. The small landowners who cannot make the land produce will also have their land taken over.

The last establishes that the government will acquire these lands and other properties by any legal procedure, meaning: by purchase or expropriation.

The moment the government decides to take over a farm or a ranch for the agrarian reform, the Salvadoran Institute of Agrarian Transformation (ISTA) will inform the owner so that he either can sell the land or face expropriation. The owner or person in possession of the land will have 8 days,

beginning the day he is notified, to decide if he is selling. If not, the government's lawyers will take the corresponding action for the expropriation.

Private property is guaranteed when it serves a social function. According to constitutional principles, an owner of private property is fulfilling this function when he works on his own land; guarantees a minimum of production and productivity; implements agriculture and livestock development plans; works to preserve and protect soil, water and other renewable resources; as well as fulfilling labor and social security laws.

For the government the agrarian reform consists in transforming the country's agrarian structures; incorporating the rural population into the country's economic, social and political development; substituting landownership with a system that is more just; owning and exploiting the soil in a more equitable manner; granting adequate loans; and giving technical assistance to peasant. For the man who works the land, the reform represents the basis for his economic stability, production and social welfare, and guarantees his independence and dignity. These concepts are incorporated into the basic agrarian reform law.

The military-Christian democratic junta will try to implement this transformation on estates which exceed 100 hectares with soil of type 1, 2, 3 and 4; and of 150 hectares with soil of type 5, 6 and 7.

However, estates which do not exceed the area mentioned above can be taken over if the owners do not comply with the regulations concerning the social function of property and cause damage to renewable natural resources and to installations necessary and indispensable for the workers.

The estates not affected by the agrarian reform are those which correspond to the owner's right of reserve. The government can increase the owner's right of reserve by 20 percent if at the time of inspecting the estate, it can be established that the owner has maintained or increased productivity or made considerable improvements to the property starting from the date the law went into effect. Nevertheless, the owners must prove that they are strictly complying with labor and social security laws. If they are not, they will not be allowed the right of reserve even if they have increased productivity.

The government will incorporate the lands purchased or expropriated to the agrarian cooperatives and peasants communitarian organizations, such as the Peasant Community Union, Salvadoran Peasants Union and other rural workers organizations registered with the agriculture and livestock ministry. Land will be occasionally granted to some peasant families or groups.

Land bought or expropriated will be managed according to a joint system between the government and the rural workers.

This system will last until the peasants are able to manage it by themselves, like a business, but in any case the government will give the peasants enough and adequate credit and economic assistance.

Profits will be used to pay for production costs, the needs of families of the organization and the land which was obtained either by purchase or expropriation. The rest of the profit will be evenly distributed in the organization.

The law regulates other aspects which for the time being have lesser importance but which EL INDEPENDIENTE will announce later on.

Paper Lauds Reform

PA10226 San Salvador EL INDEPENDIENTE in Spanish 8 Mar 80 p 3 PA

[Editorial: "A Jubilant Applause"]

[Text: We in EL INDEPENDIENTE view the decree on the agrarian reform and the nationalization of the financial system with great happiness and approval. The great significance these measures have had on the country's development has been as sweeping as if this country's Somoza--the oligarchy--had been uprooted and sent to the firing squad.

Perhaps a fuss will be made by those sectors affected by the measures. The reforms are not only the result of the action of those in power. The path to those reforms has been paved with the bodies of members of popular organizations. A Council of State is still necessary to open the doors to these popular organizations so that an authentic process of change will lead to a real revolution and the establishment of democracy.

The junta has had "the balls" to take such a definite, absolute and irreversible step. We have to strongly applaud the decision to legislate in favor of the people. We applaud Colonel Majano who said: "This important step has additional significance. It is the fulfillment of the armed forces decision to side with their people in a phase of revolutionary effervescence which needs to be directed on the right path."

A credibility gap has now opened regarding the armed forces. The initial joy over the decrees must be accompanied by a halt to the repression and a face to face meeting with the popular organizations. This will result in the people's approval of changes which will make no sense if they are accompanied by deaths.

Referring to the agrarian reform, Colonel Majano said it seeks: "A. To achieve a just distribution of wealth and income among the people who work the land; B. To promote the organization of peasants and strengthen their organizations. C. To promote rural man, making him the main protagonist of the economic and social development of the agricultural and livestock sector; and D. To promote agricultural and livestock development as part of general

economic development through the incorporation of large sectors of new producers and consumers in the production process."

Those objectives are great but they cannot be achieved without the firm support of the people. It was the people who pushed and pressured the military-men to shake off the century-old tutelage of the oligarchy and to stop being un conditional servants of the oligarchy.

Despite all this, we express our jubilant applause over the agrarian and financial reforms. We hope their executors will know how to implement them in a peaceful manner that promotes harmony and brotherhood among all Salvadorans.

CSO: 3010

BRIEFS

'EL INDEPENDIENTE' REJECTS SELF-CENSORSHIP--Due to the state of siege, EL INDEPENDIENTE tells its readers and the authorities that based on fundamental principles it cannot exercise self-censorship on its reports and that it also does not feel that this censorship is advisable for the authorities. Therefore, the authorities should appoint a censor or we would be willing to send a copy to the Interior Ministry everyday so it can decide if our voice will be prohibited, just as occurred during the time of General Martinez. [Text] [PA102042 San Salvador EL INDEPENDIENTE in Spanish 10 Mar 80 p 1 PA]

CSO: 3010

GUATEMALA

STATION DERIDES PERSONS INCITING PEASANTS TO VIOLENCE

PA072335 Guatemala City Radio Mundial in Spanish 1200 GMT 28 Feb 80 PA

[Commentary]

[Text] He who talks the most usually has the most to hide. With much sorrow we see that for some time certain persons have been appearing on farms in the area. They come from the capital or from who knows where and try to deceive the farmworkers with false promises, inciting them to violence and to act against the law.

Those John does talk a lot. There is no doubt that they have memorized all the lies they recite to our peasants, but amid all the talk there is one thing they keep silent about. The thing that masks their true intention --to disrupt the peace and tranquility that have made it possible for us to work and prosper so far.

Those individuals can go around from one place to another preaching their lies, without working and without any known occupation, because they are paid to do this. They are paid to deceive, they are paid to spread violence; they are paid to start riots; they are paid to take advantage of the peasants' innocence encouraging them to do what they themselves do not dare to do because, like all cowards, they do not show their faces.

These are things those people from the capital, who live comfortably while claiming to support the farmworkers, do not dare to say. They keep silent about this, just as they never say that after completing their cruel task, they leave in luxurious cars to receive their Judas payments, leaving those whom they have deceived in the lurch.

Fortunately our peasants are not fools. They know quite well how to resolve their problems, but they know that while it is true everything is now more expensive and that they do not earn enough to live on, they can turn to their employer to solve their problems. That is the way it was done in the past and the way it will continue to be done.

In our country there has never been any need for someone from outside to tell us what to do. Neither was there a need for farmworkers to disrupt the peace or to act outside the law to obtain the wage increases they need to survive.

We are certain all the peasants know this and will not let themselves be fooled. We have every confidence that they will kick out those who come with siren songs and false promises. As has always been the case, the peasants will solve their problems by direct contact with their employers, precisely in order to defend the sources of their livelihood.

Let us hope the authorities also pay some attention to what is happening. Those individuals are a threat to our region and seek only to disrupt our peace. They talk at great length with sweet words, but they talk a lot because they have much to hide. Of course they will never confess to their true aims or to the fact that they are paid for what they do.

CSO: 3010

BRIEFS

BANK CREDIT TO FARMERS--Francisco Lopez Urtua, general manager of this National Agricultural Development Bank [BANDESA], has reported that his agency is in charge of granting credit for agricultural and livestock activities in Chimaltenango Department and it will provide intensive credit assistance to integrated producers so they can diversify crops and undertake other activities. BANDESA has 3,139,700 quetzales available for credit. The credit given small farmers will have a low interest rate according to the payment time and the amount of the credit. It is expected that more than 800 manzanas of cultivable land will benefit from the program. It was finally noted that BANDESA also earmarked 11,975 quetzales for crafts and livestock activities and 2,158,800 quetzales for rural housing. Both types of credit are available upon request. [Text] [Guatemala City Domestic Service in Spanish 1230 GMT 4 Mar 80 PA]

CSO: 3010

COMMENTARY HITS SUBVERSIVES FOR PROMOTING VIOLENCE

PA101448 Tegucigalpa Domestic Service in Spanish 1130 GMT 10 Mar 80 PA

[Commentary]

[Excerpts] As had been foreseen [words indistinct] the country is currently undergoing a growing wave of confusion. It is the result of the work of [word indistinct] individuals who have infiltrated union, peasant, professional and student organizations in an effort to divide them and use them to disrupt public order. It is not difficult to see that these individuals are not interested in the fate of those organizations or the welfare of the national community. The promoters of agitation and uncertainty do not hide their role as agents at the service of international slogans and deceitful goals.

It is evident from the recent strikes, occupations of land and the seizure of private and government buildings, that these criminals have rejected dialog and local solutions. They do not listen to reason and maintain extremely recalcitrant positions. They reject legal solutions, supporting only the right of force.

Our peaceful coexistence is being undermined and efforts are being made to promote social chaos. [words indistinct] of illegal actions by some groups which seek to destabilize society and public authority. It is an attempt against elections which will open the way to the return of a constitutional system. As if this was not enough, [words indistinct] to spread to our country the violence being experienced in Central America. This can be seen from conclusions reached by the so-called first international meeting of solidarity with the Salvadoran people held in Tegucigalpa. One just has to hear the dialectics in that meeting. The meeting's final resolution states that the crisis situation must be viewed within the general framework of revolutionary agitation in the Latin American continent in general and in Central American in particular. As can be easily seen, there is an attempt to unleash in Honduras a class war in line with instructions from the Soviet Union and Cuba and in faithful observance of the Marxist-Leninist doctrine. The aforementioned final resolution added that international

solidarity once again confirms the world character of revolution and the inseparable link of [word indistinct] among all workers of the world. It is not difficult to see that this sentence is a faithful reproduction of the communist manifesto.

The constitution of the republic establishes and guarantees a democratic system within a regime of broad freedoms. However, those freedoms cannot be [word indistinct] used to prostitute and destroy them. Minorities committed to traitorous doctrines and interests cannot be permitted to continue to plot to commit violence.

The agents of imported subversion cannot be permitted to boycott the peaceful revolution that the Honduran people and government are carrying out. The time has come for those who seek foreign intervention in Honduras' domestic affairs and the professional plotters to stop [words indistinct] the popular organizations. The time has come to understand that tolerance of ideological pluralism cannot be confused with tolerance of anarchy.

CSO: 3010

FESITRANH HEAD CALLS FOR BANANA INVESTIGATION

San Pedro Sula LA PRENSA in Spanish 25 Jan 80 p 18

[Article by M.T.R.]

[Text] If the government is not going to clarify the scandalous "banana bribe," it is time for it to keep quiet about it and stop playing games with the honor and names of persons allegedly involved in that scandal.

These statements were made to LA PRENSA by Celeo Gonzalez, president of the Federation of Unions of Workers in the Northern Part of Honduras (FESITRANH) when questioned about the way the government had acted in this matter which caused the fall of Gen Oswaldo Lopez Arellano's government in April 1974.

The veteran union leader reaffirmed that the Honduran people and workers are still waiting to see whether justice is really going to be applied in this notorious case which has given the country a bad name. He asserted that the bribery should be investigated from top to bottom, as it is noted that "there is more than meets the eye" in this case. Those who have nothing to do with the affair should be exonerated; and those involved should be punished, to the maximum because now everything is based on mutual respect through human rights.

Solidarity With the Mochito Union

The labor leader said, "We are going to have solidarity with our comrade union workers from Mochito in the case of the Rosario Resources Company; for if we manage to prove that uranium exports took place, the government should take drastic steps to assure that there is no mockery of the good faith of the Honduran people."

He also said that 10 years ago, in the Congress of the republic, the deputy for Santa Barbara, Wilfredo Castellanos Luque, reported the export of uranium; however, the most recent export is one from which everyone is feeling the impact and could generate a massive protest which will involve everybody.

TEXACO Is Taking Unilateral Actions

Finally, he said that the government should demand that TEXACO return the money which was collected because of an unauthorized increase. "This trans-national company is taking unilateral actions to request price increases in the prices of fuels. The government still has to ration fuels, in the interests of the country's security."

8143

CSO: 3010

BRIEFS

FINANCIAL AGREEMENT WITH IFAD--The president of the Military Junta, Gen Policarpo Pax Garcia, gave full authority to poet Oscar Acosta, ambassador to Italy, to sign a financing agreement for the rural development of the western zone. The agreement will be signed with the International Fund for Agricultural Development (IFAD), with headquarters in Rome. The financing agreement is for \$7,700,000, special drawing rights of \$10 million, in the form of a loan, and \$270,000 in special drawing rights, equal to \$345,000 in the form of a gift. The entire amount will be used to finance the rural development project of the Honduran western zone. The agreement will be signed in the next few days, in the offices of IFAD, by the Honduran ambassador to Italy, Oscar Acosta. The project will seek to improve the socioeconomic and cultural situation of this important Honduran zone. [Text] [Tegucigalpa EL CRONISTA in Spanish 23 Jan 80 p 1] 8143

FECESITLIH HEAD CONCERNED--Emilio Gonzalez, president of the Central Federation of Free Honduran Workers (FECESITLIH), is concerned about the social disintegration forecast in Honduras as the result of attacks on banks and fights with the police. "That is the way the Nicaraguan guerrillas got started; they attacked banks and committed other acts until there was general subversion, as such operations were for the purpose of getting money to buy arms and begin their antigovernment campaign," he said. The labor leader maintains, "Such incidents should not be permitted by the Honduran police. If any bank [pista] has been seized, the guilty parties must be punished because that kind of uncertain action endangers the lives of workers and bank employees and even clients conducting business." Gonzalez feels that the government authorities should step up vigilance activities by sending police officers into the streets instead of keeping them in the station houses. "The approaching democratic process should be supported by all the Honduran people, as it is constitutional governments which can lead Honduras down the path of democracy," Gonzalez concluded. [Text] [San Pedro Sula LA PRENSA in Spanish 25 Jan 80 p 18] 8143

PEMEX SEEKS PARTNERSHIPS WITH FOREIGN FIRMS

Mexico City EL SOL DE MEXICO in Spanish 5 Feb 80 pp 1-B, 4-B

[Article by Arturo de Aquino: "PEMEX To Form Firms with Crude Oil Customers"]

[Text] Mexico will increase its revenue from marketing its crude oil abroad by means of selling petrochemical products or by exporting oil to petrochemical complexes in which PEMEX [Mexican Petroleum] has economic participation, for processing and distributing its products in other countries.

For this purpose, the oil authorities are in contact with foreign industrialists (Brazil, Spain and the United States, among others) to associate themselves in the purchase of industries and will later have to buy Mexican crude and then market its byproducts on new markets.

The foregoing was announced by the semiofficial enterprise in pointing out that in this way the revenues obtained now by exporting crude will be increased considerably, when the scheduled alliance bears fruit.

PEMEX stated that, ever since the beginning of the 1960's, its projection in the oil industry has been to decrease, or maintain, in the future, sales of oil for products derived from it, which has a higher price on the international market.

At first, it was stated, it was not possible to carry out this step, owing to a lack of capacity in the country's petrochemical plants.

Thus, it was decided to promote this item definitively. At present, there are over 15 plants scheduled for processing crude and obtaining petrochemicals.

The first large construction job will be inaugurated on 18 March by President Jose Lopez Portillo, in Coatzacoalcas, Veracruz. It is a question of the largest petrochemical complex in Latin America, La Cangrejera, which will give the country self-sufficiency in the production of various byproducts.

This plant will also provide surpluses for marketing abroad, when petrochemicals are in great demand. It will also take advantage of the fact that a shortage of petrochemicals is approaching in the present decade.

It was announced that, as the capacity of the nation's oil industry increases, sales of crude will be replaced by processing it here and exporting byproducts.

Moreover, within this policy, talks are being held with foreign industrialists for them to form an association with Mexican Petroleum and for acquiring petrochemical plants in other nations.

It was pointed out that this relationship has the objective, in the next few years -- even when it may be necessary to export crude oil -- of performing this operation with the participation of PEMEX in processing the product abroad.

Participation by Mexican Petroleum is also anticipated in the distribution of byproducts, which probably will even contain this enterprise's trade name.

10,042

CSO: 3010

PEMEX: PETROLEUM FIELDS COULD BE DOUBLED SOON

Mexico City EL DIA in Spanish 6 Feb 80 p 8

[Article by Sara Lovera: "Oil Fields Could Be Doubled in Short and Medium Term"]

[Text] The country's oil fields could be doubled in the short term and medium term as a result of the explorations being carried out in 11 of the country's districts at 50 locations both on land and on sea where PEMEX [Mexican Petroleum] is working intensively to locate new deposits.

Thus, the Pacific continental shelf might become as prosperous as the Gulf of Mexico is now. In order to accomplish this, PEMEX will operate with 1,600 exploratory groups by 1982 and it has allocated a 6-year budget of 20.5 billion pesos for this purpose.

In addition to the exploratory work in the field, laboratory and office studies, 2,300 wells will be drilled of which it is hoped that at least 1,500 will be used for production, both for domestic consumption and for export.

Information obtained from the Oil Exploration Management, headed by Engineer Octavio Mejia Dautt, states that the new districts with a high degree of oil possibility are distributed all over the nation, independently of the fact that, in the 10 oil fields now in production, constant exploration is also in progress and might increase our actual hydrocarbon reserves at any time now.

The regions with great possibilities are: the San Sebastian-Vizcaino-Purisima Iray basins and the continental shelf, located along the Pacific coast on the peninsula of Lower California, with an area of 1,000 square kilometers where the existence of gas, not yet marketed but already in production with two open wells, has been discovered.

The Chihuahua district, located in the north, with an area of 125,300 [square] kilometers, in whose subsoil there are sediments with considerable petroleum possibilities.

San Felipe-Tiburón Island, located on the continental shelf in the Gulf of California, which has demonstrated that it has a 6,000-meter sedimentary column, in which indications of hydrocarbons have been located. Geochemical work is being performed to determine their potential.

The Marina de Mazatlán region, the same one in which wells are already being drilled with indications of Tertiary sediments, similar to the ones in Chiapas-Tabasco.

Michoacán, Guerrero, Tlaxiaco, Zongolica districts and the neovolcanic axis, where seven basins have been located with considerable thickness of sedimentary carbonate rocks (according to the experts, when they are carbonate rocks, it is certain that there is oil), dating from the Jurassic to the Upper Cretaceous, similar to the ages of fields as rich as the old Faja de Oro [Gold Belt] field.

Central Plateau and Valles Shelf regions, in San Luis de Potosí, which have an up to 8,000-meter sediment column, in addition to surface signs of hydrocarbons -- asphalt deposits -- in the eastern and southwestern parts of the Valles Shelf. This has enabled the technicians to assume good possibilities.

Finally, the Sierra de Chiapas region, where surface geological and geophysical work has been performed, making it possible to delineate large structures with hydrocarbon possibilities. Some wells have already been drilled with signs of hydrocarbons and sedimentary conditions that will continue to be evaluated. This area is in Lacantún, near the border with Guatemala. New intensive exploratory work is being scheduled there.

Wells will be drilled that will provide definite information on new deposits in those areas. In order to evaluate the actual possibilities of these 11 regions, which, if they prove to have oil, would double the number of oil fields -- now 10 -- in 50 locations, both on land and at sea.

There Will Be Success

In view of the exploration methods used between 1973 and 1978, which increased the number of producing wells by 45.5 percent, it is expected to keep this percentage, at least, in the results being achieved in all the explorations, not only in the 11 regions planned, but also in fields now in production.

It should be pointed out that the PEMEX exploration program, provided for the 6-year period from 1977 to 1982, is very ambitious, if we realize that the total investments of PEMEX for this period amount to 460.3 billion pesos. The original program included practically doubling the crude oil production capacity that we had at the beginning of the 1960's. This goal has made so much progress that it will be reached much sooner than scheduled. Only this aspect entails a considerable outlay, not only for

a country like ours, but also for any other oil-producing country in the world, because an enormous amount of facilities and activities difficult to carry out are required, primarily owing to the very short time available and because certain aspects are not entirely controllable.

With regard to well drilling, 2,800 have been scheduled to be drilled, of which 800 will be exploratory. This schedule includes increased activity in the producing areas of Chiapas-Tabasco, Sonda de Campeche and the Mesozoic Salinas Basin, which have priority with regard to implementation of the established production programs, both for domestic consumption and for export, and in Chicontepec to promote a pole of the country's social-economic development.

Concerning refining, the 6-year programs entail increasing the processing capacity from 968,500 barrels a day that we had at the end of 1976 to 1,496,500 barrels of crude a day by 1982.

In basic petrochemistry, the program specifies a tripling of the production of products from 6,384,520 metric tons in 1976 to 18,437,000 metric tons in 1982. After covering domestic demand, this will make it possible to export a considerable amount of surplus products with a high added value.

Exploration Policy

Work in the 11 regions mentioned above is connected with the exploration policy, whose objectives, according to Engineer Mejia Dautt, are directed toward jobs making it possible to increase reserves substantially and to evaluate the possibilities of oil deposits in areas that are not yet producing, in order to have, in due time and with certainty, the amounts of hydrocarbons needed to supply domestic demand, to have exportable surpluses and, at the same time, to lay the groundwork for the other activities of PEMEX, which, taken as a whole, play an important part in Mexico's industrial and economic development.

10,042

CSO: 3010

NUCLEAR FUTURE DEPENDS ON PETROLEUM

Mexico City EL SOL DE MEXICO in Spanish 7 Feb 80 pp 1-b, 4-B

[Article by Arturo de Aquino]

[Text] Preparation of the Nuclear Program represents a huge challenge for the government in view of the threat of disposing of oil without guaranteeing the country's self-sufficiency and sovereignty in energy for the future, according to what was stated by Dr Dalmay Costa Alonso, director of the National Nuclear Research Institute (ININ).

The researcher stated that utilization of nuclear energy will have a strong influence on Mexico's own development style and model.

These statements were made before professors, professional men and technicians from more than 10 universities and institutions of higher learning, and from federal agencies, on inaugurating the work of the Second Meeting on the Peaceful Uses of Nuclear Energy being held in Puebla.

When he discussed the National Nuclear Program, Dr Costa Alonso pointed out that the country's energy balance for the next 25 years indicates the need for a decreasing utilization of oil and primary source of energy.

He said that the foregoing is in agreement with worldwide projections. Therefore, he added, decisions must be taken that will make it possible to analyze clearly the role that nuclear energy must play in Mexico in the coming years.

According to his point of view, it is not advisable to proceed with the isolated installation of nucleoelectric powerplants, but, rather, that it is fundamental to have an overall nuclear development program for the country.

He pointed out that large-scale utilization of nuclear energy is not conceivable by means of the complete importation of nucleoelectric powerplants, leaving only part of the assembly and civil engineering jobs to Mexican companies with the participation of Mexican technicians limited solely to operating the plants.

NICARAGUA

BORGE DISCUSSES HIS LIFE, FUTURE OF REVOLUTION

Havana JUVENTUD REBELDE in Spanish 10 Feb 80 p 7

[Interview with Maj Tomas Borge, cofounder of the FSLN, by Soledad Cruz; place and date not given]

[Text] A talk for Cuban youth with Tomas Borge, the cofounder, with Carlos Fonseca Amador, of the FSLN [Sandinist National Liberation Front]. Now he is the minister of interior of the government of free Nicaragua. These are anecdotes about his life and his friendship with Carlos, and thoughts about the future of the revolution.

I knew the essential things about Tomas Borge, one of the leaders of the Nicaraguan Revolution. I believe I began to have a clearer picture of one of the three founders of the FSLN when on that hot November day in the Square of the Revolution in Managua I saw him descend from the platform and dance with the young people who were celebrating the First Festival of Sandinist Youth.

Then I heard a beautiful and tender song dedicated to Carlos Fonseca, the commander in chief of the Nicaraguan Revolution, and when I asked about the lyrics they turned out to be words taken from the book which Tomas Borge had dedicated to his chief and friend: "Carlos, morning is no longer a temptation." It is a small book written by a man in whom dwells a poet.

When I was in Matagalpa, place where he was born 13 August 1930, they spoke of the boy and the youth that man had been, and I thought that I should not lose the opportunity to have our youth and people know the minister of interior, the FSLN leader, the unrelenting fighter, but above all, the simple and sensitive human being who stands behind the hero, who is the crucible in which the other virtues were refined.

To ask this busy, modest man to tell the story of his life is something one only dares to do when there are very strong reasons for doing so. He agreed to do it, another demonstration of the respect and esteem he openly expresses for our people.

Those sentiments were the ones which drove him to speak for 2 hours with this journalist, who happy, but also sorry at having taken advantage of his magnanimity, was only the intermediary between that exemplary son of Nicaragua and the youth of Cuba, to whom this conversation we now reproduce is dedicated.

Speaking deliberately, as if savoring his words or evaluating each memory they contain as he spoke them, Tomas Borge said: "My family was middle class. My mother had a handmade cigar store. My father had a drugstore. I was born and grew up in Matagalpa. From an early age I enjoyed reading: Victor Hugo, Flaubert, Gogol, Dostoyevskiy and Carl May, who wrote westerns, but in a different way.

"These novels had their influence on me and on many companeros of Matagalpa, because their heroes were devoted to human virtues: nobility, personal courage, capacity for sacrifice and the ability to withstand physical pain. I believe they had an influence on us because they defended just causes. I felt a particular admiration for Martí. I remember a speech he made on Bolívar. I also read poetry, like every young man. Vallejo pleased me very much.

"When I was a boy, my mother wanted me to be a priest. I liked girls and that seemed to me incompatible with the priesthood. I belonged to an intermediate class. I did not go to the Social Club, but neither did I go to the Worker Club, which meant straddling the fence. In a small town social discrimination is very acute and to be a priest meant achieving a certain social status. That was the reason for my mother's interest. My father was a man with a good cultural education. He had a large library of which I tried to take advantage.

"I also had a sort of group, a gang for getting into trouble and doing exercises. It was very united and we respected each other very much. We published a little newspaper called ESPARTACO, a weekly in which we wrote vaguely but fervently about Sandino. The first show of dissatisfaction with the regime was on one of Bolívar's anniversaries, which was celebrated in the schoolyard. In it I exclaimed: 'If there is an enemy of freedom here, may the earth swallow him; Bolívar is about to arrive with a lash in his hand to drive him from the temple.'

"After the death of Sandino there was a period of popular passivity until the time of Raudales' guerrillas in 1944. There were popular demonstrations. I was still a boy but I remember the tremendous happiness I felt at seeing the people in the streets. Very early I began to participate in political activities. At first we were revolutionaries because of intellectual drives, because of the influence of the Cuban Revolution as the logical expression of youthful romanticism!

"When we came into contact with the people, we began to be revolutionary in another way. Abstract love derived from reading became a reality when we saw children die of diarrhea. I wrote something on that. What moved us the most was the tragedy of the children. That is why this revolution has so much love for children.

"In the times in which the critical position was becoming a reality, the Nicaraguan Democratic Youth was founded and the commander of the garrison in Matagalpa threw me out of highschool. I left for Managua but I returned and met Carlos."

Carlos, the Best of Us

"Undoubtedly, Carlos was the best of us. He was an extraordinary student: Ten in Algebra, French and everything else, at the same time, he was a mailman to help Dona Justina, his mother. I believe that our friendship began on the basis of our studies of Anti-Duhring, which we did not understand. However, because of the initiative of Carlos, we began to be interested in the most advanced political ideas. We later discovered Marx and Engels in the dusty library of the poet Samuel Meza. Lenin was an unlikely and distant bibliographic allusion, which could not be found at that time.

"Carlos joined the Socialist Party and went to Moscow to a congress. Shortly afterward, Rigoberto Lopez sounded the knell for passivity by executing Somoza and I was taken prisoner for alleged participation in the struggle. On his return, Carlos began to fight for my release and he promoted a great strike, the first by students on a national level. "When Carlos was in the fifth year of high school, I was already studying law at the university. Previously, he had founded the magazine SEGOVIA with Chico Buitrago. In this phase we founded UNIVERSITARIO, in which we presented in two-color, big headlines, without metaphors, the situation of the country in figures.

"We had the urge to initiate armed struggle since 1955. I remember that Carlos once said: 'Sandino is a type of path to follow, it would be a frivolity to reduce him to the category of just another celebration, an annual disturbance. I believe that it is important to study his thinking. And he began to make notes. They led to the publication of 'Ideario Sandinista' a booklet of the first concepts which circulated

among the members of the FSLN. The victory of armed struggle in Cuba was a spark which brought light to the midst of the naive and boring dogmas of the time. Fidel was to us the resurrection of Sandino, the answer to our misgivings, the justification of our dreams.

"We left the country and we began to organize forces abroad. In July 1961 with Carlos, Silvio Mayorga and me the FSLN was born without a clear program and with a somewhat undefined political concept. However, it was profoundly revolutionary.

A Man In Whom A Poet Dwells

[Question] Shall we speak of the poet, Major?

[Answer] I believe that I wrote some verses once. They were later collected and published. Sometimes I think that the fact that they call me a poet is a sort of calumny of poetry. On the other hand, I do not believe that there is a revolutionary who does not have a poet inside him. There is poetry in the speeches by Fidel and Che. What other poetry is there than life itself? All gruff men are tender but they hide behind the former. The tenderness is expressed in the poetry of their lives.

[Question] And the song to Carlos?

[Answer] When I was before the court martial, I said in the court that morning was still a temptation, that someday a new sun would be born to shine on all the land willed to us by the martyrs and heroes. Carlos Mejias Godoy, who is a superb musician, used that and other phrases which appear in the book to Carlos, and he composed a song. He says that it was written by both of us but it is not true. I have never written with the intention of being published. I had my literary pretensions, mainly while in jail. These have now been laid to rest by more urgent affairs and are in open competition with the need for studying a little bit about political economy.

[Question] Was victory very far off when your desires for freedom and the first struggles began?

[Answer] Faith in victory is a problem of ideological conviction. We always had an extraordinary support from the people. This was so to such an extreme that there was no need to win over the hearts of the masses but rather there was the need to organize them. That was where victory lay. One of the greatest accomplishments and the most solid step for achieving it was the unity of all the forces of the revolutionary movement and the alliance with the other sectors. Now we also need unity for rebuilding the country and to carry the revolution forward.

An Irreversible Revolution

The internal enemy is weak. From time to time it extends its claws but it cannot scratch. Because of all that we have faith in victory. This revolution is irreversible.

However, there is no revolution without a counterrevolution. It has been crushed here, its instruments of control were destroyed. It is trying to organize but without possibility of success because for our people there is no possibility of turning back. That is what is important.

When he speaks of men who are admired, he mentions Fidel and Che. Of Che he draws a picture....

"When I met Che I said to him ceremoniously: 'I bring you greetings from the youth of Nicaragua.' 'Let us forget about greetings and get to the point,' he replied. We spoke, he listened to me, he gave me what I wanted and then embraced me, saying: 'Now, I will take those greetings.'"

From this conversation we came to know the essential things about Tomas Borge, the man who is a major of the revolution, leader of the FSLN and minister of interior.

8908

CSO: 3010

NICARAGUA

INTERIOR MINISTER BORGE INTERVIEWED BY FRG JOURNAL

Hamburg DER SPIEGEL in German 18 Feb 80 pp 130-133

[SPIEGEL interview with Nicaraguan Minister of the Interior Tomas Borge:
"'There Will Have To Be a Kind of Parliament'"]

[Text] Tomas Borge is the most experienced veteran among the revolutionaries who have ruled in Nicaragua since the overthrow of dictator Somoza. Called "El viejo" (the old man) by his comrades-in-arms, Borge began his fight against Somoza at the early age of 13 and is a cofounder of the Sandinist National Liberation Front (FSLN). In 1976 he was arrested by Somoza's National Guardists and tortured for months. He was not freed again until August 1978, when an FSLN commando occupied the Nicaraguan National Palace. Having turned 48 and become minister of the interior in the meantime, Borge has little regard for theory and is considered the pragmatist among the country's new leaders. He says: "In my youth I read Marx; later I had no time for that."

SPIEGEL: Comandante, since Fidel Castro's victory in Cuba in 1959, Nicaragua is the first and sole country in Latin America to have gone through a successful revolution. Are the guerrilleros who are now in power in Managua marching in the same direction as those in Havana?

Borge: Revolutions do not resemble one another like two drops of water. We will go our own way, not imitating anyone. We have our own style, having political pluralism and freedom of the press. We simply have a different idea of freedom of speech than the Cubans have.

SPIEGEL: But surely there are resemblances with Cuba?

Borge: Yes. We took similar measures as Cuba did--for example, launching a campaign against illiteracy in order to stamp out ignorance in our country. We also nationalized our raw materials and emphatically

proclaimed our independence from foreign tutelage. Therefore we have also established relations with all countries of the world, including the socialist ones.

SPIEGEL: Many cadres of the Sandinist National Liberation Front (FSLN) were trained in Cuba, and Cuban teachers are now reforming Nicaragua's educational system. This points to a close ideological relationship, doesn't it?

Borge: There is close friendship with Cuba, as there is with Costa Rica or Panama. We also asked Costa Rica for teachers to stamp out illiteracy. For practical reasons Costa Rica was unable to send any teachers, while Cuba had no trouble doing so.

SPIEGEL: Did no one else want to send any teachers?

Borge: We have numerous offers, but private ones, not official ones. Only Spain wants to send us teachers--an offer we are delighted to accept.

SPIEGEL: In other words, you do not follow the Cuban ideological line?

Borge: Nicaragua and Cuba are nonaligned countries; their stands are therefore similar in many questions. But we have our own views, whether or not they resemble those of the Cubans. Just because we happen to take the same stand as Cuba does not mean that we imitate Cuba but that interests are similar.

SPIEGEL: Yet your economic measures really appear to be quite orthodox nationalizations. What is left there in the way of original features of "Sandinism," of the "Nicaraguan road toward revolution"?

Borge: Original features? For instance, in contrast with all previous revolutions anywhere, we have not executed a *vo*ne. That surely is original. Moreover we have left different political parties in existence and respected private newspapers and radios; that too is original.

SPIEGEL: What, in fact is Sandinism?

Borge: Our most urgent task is reconstruction; therefore our government is called "junta of national reconstruction." For we are rising from the ruins, seeking to "normalize" the country, trying to insure the supply of food and medicine. We also want to enlist an important part of private industry in production. This might be called "Sandinist."

SPIEGEL: Neither capitalism nor socialism, in other words?

Borge: One could regard as a definition of Sandinism the fact that we have a mixed economy, with an important public sector and a private sector. It is neither pure socialism nor pure capitalism.

SPIEGEL: But can this be a stable basis?

Borge: We think we have to expand the public sector, but without eliminating private industry. However, private industry must work for the good of the people, not for the benefit of one's own egotism.

SPIEGEL: It appears that the initially cautious foreign policy of the FSLN has changed somewhat of late. In the UN vote about the Soviet invasion of Afghanistan, for instance, you abstained. Are you really nonaligned?

Borge: Our position, for example in the case of Afghanistan, is one of classic nonalignment. Our abstention from the vote in the United Nations was not passive but deliberate, dynamic.

SPIEGEL: Nicaragua has never directly condemned the occupation of Afghanistan.

Borge: We are against any interference as a matter of principle. But we disliked the way in which the problem was raised in the United Nations. We do not want to play the game of another power just because we oppose an intervention. We therefore took an independent stand.

SPIEGEL: The FSLN bore the brunt of the war against Somoza. Does it therefore now also strive for complete power?

Borge: The Sandinist liberation movement assumed power in Nicaragua; we don't want to deny that. This does not, however, run counter to alliances with other sectors which cooperate in the bodies bearing top responsibility and even within the junta.

SPIEGEL: Except for Comandante Daniel Ortega, the junta is composed mostly of civilians. Why is it that this government is not being confirmed by elections? Surely a Sandinist party would have no trouble winning today?

Borge: To organize elections now would be a waste of time. There is no doubt but that the Nicaraguan people support the work of the government and recognize the moral and political authority of the FSLN. We now need all the time that there is for reconstruction. There will be elections in Nicaragua when the country has "normalized," when we have time to carry out the needed legalization of the revolution.

SPIEGEL: When will that be?

Borge: We haven't really thought about it as yet; it has never been discussed. We have thought about the need for elections but not about the time when they should be held. Perhaps in a year or two, depending on the situation.

SPIEGEL: Is there, then, not the danger that the question is put off so long that it might cease to be possible to organize elections?

Borge: No; elections will be necessary for the development of the country. A government junta without a visible head can, at a given moment, become an obstacle in the way of development. Then a head of state will be needed, as everywhere else in the world.

SPIEGEL: At the moment, however, you are building something like a base democracy supported primarily by mass organizations--residential committees, women's organizations, youth movement. How is this to be combined later with a representative democracy?

Borge: The elections will take place in a new context. Not as before, when Somoza came to the election campaign events with a band and a truck full of liquor. It will be a new kind of election, in which popular opinion will be able to express itself.

SPIEGEL: But will the basis of democracy then be in the parliament or in the mass organizations?

Borge: We have not talked about that yet. I think there will have to be a kind of parliament, an organ in which the people will be truly represented.

SPIEGEL: But until such time, might it happen that freedoms--freedom of the press, for instance--are gradually restricted, after all, for political reasons?

Borge: No, freedoms will continue to exist to the extent that the law permits. Of course there will also be new laws--for example, against any activities undermining the reconstruction of the country.

SPIEGEL: Do you mean by that businessmen who refuse to invest their money?

Borge: No. Most businessmen are participating in the reconstruction. Of course there are a few who would like to get their foreign currency out of Nicaragua, who are excessively suspicious. But that is normal in a revolutionary process.

SPIEGEL: Are you perhaps postponing the elections because the FSLN as yet is not united enough for the planned Sandinist party to be built up?

Borge: No; we are already building this party--only it now is called Sandinist Liberation Front.

SPIEGEL: In other words, the guerrilla organization is already becoming a party?

Borge: Yes.

SPIEGEL: But is there not a sector within the FSLN which is dissatisfied with the road that has been taken, which wants to go much further--for

example, would like to do away with the market economy?

Borge: There are dissatisfied people, but not within the FSLN. There is a small group of Trotskyites who are causing serious difficulties, who are trying to destabilize the country.

SPIEGEL: The government has proceeded with extraordinary severity against this group.

Borge: We have no choice but to apply the law, because such groups are undermining the economic reconstruction.

SPIEGEL: Do you mean the leftist trade union called Workers Front?

Borge: Yes, I do mean the Workers Front.

SPIEGEL: But recently there have also been strikes not simply due to agitation, haven't there?

Borge: That is true. There have been conflicts due to mistakes on our part. We did not correctly interpret the demands of the workers, and this led to brief strikes. But as soon as we recognized the problems, we negotiated with the workers and found solutions. Now, however, some have tried to cause difficulties. We will now conclude concrete agreements with the trade union leaders concerning such cases.

SPIEGEL: There is also discontent among the citizenry; the middle classes and also the upper class, while desirous of overthrowing Somoza, did not want a revolution. Are you not finding yourself between two chairs, between malcontent leftists and frightened rightists?

Borge: Part of the citizenry may be dissatisfied, but it is only a small minority. The extreme leftists too are only a tiny group. The great majority of the people support the revolution.

SPIEGEL: This country is deeply Catholic. How can this pronounced Catholicism continue to exist in the socialist society you are striving for?

Borge: We profoundly respect the religious sensibility of our people. We have absolute freedom of religion. But there is also the freedom not to believe, and I am convinced that some of the feudal forms of religion will change. The Feast of Saint Dominic, for instance, in August, was partly pagan, a mixture of religious feeling and fanaticism. Such feasts, veritable orgies, with many drunks and prostitutes, are to be turned into truly religious feasts. Others, such as the "Purísima" in December, are part of the cultural heritage of our country, which we want to preserve. We even celebrated the Purísima here in the Ministry of the Interior.

SPIEGEL: Archbishop Obando appears to be concerned that after the introduction of universal obligatory education it will not be possible for parochial schools to continue to exist.

Borge: Many nuns and priests are teachers. They will be able to integrate into the state school system. Or we will subsidize the schools of the church; that is also possible. I don't know why Monsignor Obando is worried. We even proposed to him that the church participate in the anti-illiteracy campaign; it would have been possible to give instruction in the churches.

SPIEGEL: He did not agree?

Borge: There was no concrete reply. We thought that since the churches are only used a short time anyway, during mass and other services, the people could be taught to read and write during the time when they would stand empty. It would be a very Christian kind of work surely.

SPIEGEL: Your revolution has also other enemies. As recently as last summer, FSLN leaders were saying that there was bound to be a counterblow from outside. Do you still think so?

Borge: No doubt--this is a historical law--our enemies will not reconcile themselves to the fact that there is a revolution here. There cannot be any revolution without a counterrevolution.

SPIEGEL: Do you expect an attack from the Somoza troops that fled to Honduras?

Borge: There exists some information to the effect that this force is making preparations. In Guatemala too 3,000 of these soldiers are said to have been newly armed. We don't have exact data, but indications are that they are being rearmed.

SPIEGEL: Revolutionaries from other countries, such as El Salvador and Guatemala, participated in the war in Nicaragua. Are these now being supported by you in their struggle against their own regimes?

Borge: Well, they are supported by our example. What we cannot give them, however, is arms and training camps. But I don't think they need them anyway, because they are finding their way very well in their own countries. We are as a matter of principle opposed to the export of revolutions. We are trying to consolidate ours, and that will be stimulus enough for the struggle of the peoples of Latin America.

SPIEGEL: In case of a civil war in El Salvador, however, in which Guatemala or the former troops of Somoza intervene...

Borge: Even in the case of El Salvador we trust the ability of the people to solve their own problems. We would declare our political and moral solidarity.

SPIEGEL: But not intervene?

Borge: There is no possibility of military participation on our part.

SPIEGEL: U.S. foreign policy has hardened noticeably since the invasion of Afghanistan by the Soviet Union. People are talking about a possible intervention in El Salvador...

Borge: ...It might happen.

SPIEGEL: What would be the consequences for Nicaragua?

Borge: There might be negative ones. But one must also realize that the struggle of the people of El Salvador constitutes progress. Despite possible direct or indirect interventions we believe that there will be profound changes in Central America within a historically brief period.

SPIEGEL: If Nicaragua is not to be isolated--as Cuba was after 1959--will you not need revolutions all round?

Borge: It goes without saying that Nicaragua would welcome the liberation of other peoples. We have always said that it is impossible truly to liberate one country of this region without liberating all of Central America. Now our revolution is the first step toward the liberation of the whole area. I think that what is happening in El Salvador is the direct result of what happened in Nicaragua. A revolt in El Salvador could lead to a series of revolts.

SPIEGEL: But the Americans would hardly be able to permit that.

Borge: What are they to do, though? Who would have thought? Who would have thought that the United States would permit a revolution in Nicaragua? And did it not take place just the same?

8790

CS0: 3103

ROLE OF CHRISTIANS IN REVOLUTION DISCUSSED

Prophets, Support of People

Managua BARRICADA in Spanish 9 Feb 80 p 3

[Text] This last Sunday, in a church, the priest stated that today's prophets could very well be a cloistered nun or a good Christian professional person. And we have nothing against them. It seems to us, though, that behind this there is an obscuring of the actual truth.

In the present situation, this can serve to alienate Christians from the revolutionary process that the Church says it is embracing in the last pastoral letter from the bishops. It is serious.

And this Sunday the liturgy told us about the vocation of another prophet: Isaiah. This gives us cause for talking about the Church's prophetic mission today.

If we consider the prophets of Israel (and "prophet" does not mean fortune-teller), we find that they have some characteristics in common that should mark every prophet of truth. Let's look at them.

First, they all have a strong awareness of the "sovereignty of God." "God is the only Lord," "Do not have different little gods who do not liberate," etc. Yet this experience does not lead them to become "pious" men, but rather rebels. This experience engenders within them an exquisite sensibility for confronting all the "lords," little gods, tyrants, and exploiters . . . to the point of death. At the same time, it prevents them from committing themselves to any historical project as if it were the final summit of history, pushing all projects into the future. But they don't do this from outside, as if they had a truth filed away and subdued for use in judging the world, but rather by embracing the process, as the bishops' pastoral letter tells us.

However, we have some prophets with a vocation for refereeing.

Our prophets also have an acute awareness of the Church's mission, and they call their people to a new faithfulness. They always maintain a readiness to heed criticism and to carry out self-criticism within the Church without being defensive or offering justifications. They certainly are not like some who today go about saying, "They want to take our faith from us," and "We should maintain spaces reserved for the Church, for they may be the only spaces for evangelism in the future. . . ." All of this is heard.

Finally, the prophet places himself in the position of the poor people fighting to see the truth and the liberating presence of God in history, to judge events. And from here he announces the Good News for the poor. An example here: Today some "Christians," to judge an event in the country such as the closing of a newspaper, stress legality, freedom of expression, etc., and expressed thus it appears to be a question of abstract truths. The truth is that it is not an opinion reached from the perspective of the poor, for whom what matters most today is the security of the revolutionary process with respect to having a job, food and shelter and being in control of their own destiny. On the contrary, legality is pharisaic, and the freedom they speak of has nothing to do with the freedom that Paul speaks of, which serves the commitment to the poor, or it is not freedom (Gal. 5.13-15.).

Clergy Support Salvadoran Struggle

Managua BARRICADA in Spanish 23 Feb 80 p 3

[Text] The National Coordinating Committee of Communities of the people and the National Coordinating Committee of Priests, Nuns, Seminarians and Lay Workers serving these communities are issuing a call to all Christian communities in Central America and to the entire world to express solidarity with our people's struggle at this crucial time.

During 1979, the people who have organized to obtain a decent job, something to eat and a decent life were repressed, 749 of them being killed. The Salvadoran armed forces, serving the imperialists' economic plans, represented by the local bourgeoisie, are engaged in spreading death. At the end of 1979 and during the early part of this year, they have attempted to implement apparent reforms to maintain the same system of exploitation, but while now deceiving worldwide observers and certain segments of our society. This has meant a new and bloodier series of deaths for our people. During this first month of 1980 alone, the people's organizations have had to endure the deaths of 320 people. We are subject to a dynamics of exploitation and death.

We would like you to understand that 30 percent of our people have to live on five dollars (\$5.00) a month, and an additional 50 percent have only

ten dollars (\$10.00) a month per person. Only 16 percent of the population has permanent work, and one-half of our children die before they reach the age of 5, from diarrhea and malnutrition.

If we Christians feel ourselves to be followers of Jesus, who has come "so that we may have life, and may have it in abundance . . . so that we may share in his joy, and so that it may reach its fullness," we will understand that it is a problem of faithfulness to our faith to express solidarity with these people to the extent of risking the most severe consequences. And from this commitment we will turn to our community, Christians of the world, to ask you for solidarity.

We hear the step of the Lord who saves when there is growth in the process of the awakening and organization of our people around their objective interests, when, living in the midst of this process, we experience the deaths of thousands of workers and peasants, we experience the deaths of hundreds of celebrants of the word and of Christians from our communities, when we experience the deaths of our six brother priests who died because of their involvement in our people's project, when we see the process of unity developing among our people's organizations for the purpose of creating a common strategy so that they can control their own destiny, and when we see the emergence of a Church that springs from the faith of our people and discovers its function of "servant" of the poor to the point of the spilling of blood, announcing the Good News and Hope.

For all that we dare to ask for your solidarity and your assistance:

1. Your prayer to the Father who created all things so that we may share them as brothers, without exploited or exploiters, and who wants each and all to eat the bread we garner and to live in the house we built (Isaiah, 62.8-9), ending all economic deprivation by effective means.
2. Your solidarity, demonstrated by the formation of solidarity committees in each of your towns and regions.
3. Efforts to break through the news blockade our people are suffering at the hands of the capitalist agencies, for we poor people have no chance to make our voice heard and prevent misrepresentation of our struggle.
4. Support of our people in all material and moral ways possible.

We hope that the outcry of our oppressed people will be interpreted by all of us as the outcry of God, who is urging us and summoning us to bring about effective solidarity.

San Salvador, February 1980.

Today is the first Sunday of Lent. It is a call to observe it in solidarity.

9085

CSO: 3010

WORKERS FRONT ACCUSED OF DEMAGOGY, OPPORTUNISM

Managua BARRICADA in Spanish 3 Feb 80 p 3

[Text] The supporters of a theory whose practice resembles that of members of a sect rather than a political group have lent themselves to the purposes of the counterrevolution so perfectly that they have ended up by belonging to that band.

When, at the Monterrosa mill, they are so bent upon persuading the workers that the Workers Front is so completely identified with the working class that they are now the same thing and that the Workers Front and that exploited class [part of sentence deleted], what they are doing bears no relation to Marxism or Leninism. It is nothing but a base maneuver that uses the ignorance and abandonment to which our comrades have been subjected for years and years of exploitation and dictatorial domination.

The use they make of the prevailing disorganization and backwardness -- even in the name of "self-sacrificing work" -- places them in the category of those who distort reality for shady purposes, the camp of demagoguery and opportunism. In no instance do they seek the integration of that sector or the advancement of the workers' positions in the field of the ideological and political struggle. They deliberately forget that the fight continued until the defeat of the main instrument of local reactionaries and imperialism and that the revolutionary process did not end on the day that the dictatorship succumbed but rather, goes on fighting in production and all other tasks imposed on us by the reconstruction of our nation and the transition to the new society.

The Workers Front only agitates on behalf of demands made by certain sectors of the workers among whom it does its work, demands that are just but that are outside the framework of the Revolution. Even our Revolution headed by the FSLN [Sandinist National Liberation Front] is placed among the opposition. It does not exercise criticism, but rather, seeks the deterioration of the working class by means of destructive attacks and demagoguery. It then says that it practices Marxism-Leninism with communist faithfulness. This affirmation of faith then turns into a magic phrase for pardoning such counterrevolutionary acts with the expedient of their



"Once you have taken political power, you proceed to...."

apparent loyalty to "principles," principles the Front was not ashamed to trample itself in publishing in its organ EL PUEBLO a pompous manifesto of the Social Christian proimperialists and reactionary extremists and the traditional right. These are not principles, but opportunistic pacts between the extreme left and the right.

There is no way to prove that on any occasion, the Front has defended the role of the working class as the leader of the process, believes in the vital importance of the vanguard organization in a revolutionary process, understands the policy of alliances or what a tactic -- much less a

strategy -- is. Its attack on the "unity that fails because the advantage is given to the reactionaries, obscurantists and rightist extremists" (as EL PUEBLO stated) becomes completely blurred in the face of the fact that those mentioned are not part of any unity, but rather, join with the Front in the attacks on the Revolution and national unity. The noise of the reactionaries' chains and that of the incoherent phraseology of the Workers Front dogmatists become one.

We say that there is no way to prove their words because in addition to the fact that those words are *de vague*, their action ends up by belying any good goal of Marxist-Leninist faithfulness, which cannot last in any of their confused militants.

We do not believe that when they attack volunteer work, when they mock the leaders of the Revolution, when they boycott production, when they accumulate weapons for who knows what purpose, when they slander the heroic FSLN before the workers and when they turn against the positions of socialism with the purest antirevolutionary style of the Yankee agencies, they have the slightest interest in being consistent with revolutionary doctrine.

In truth, saying that they are dogmatists is doing them a favor because because they do not convert Marxism into a dogma removed from reality, but rather, they become fanatical supporters of the positions of their group or sect and these positions do not even remotely apply a Marxist analysis of reality, but rather, the formulas of their compendium of incoherencies.

"Power to the workers," "Expropriation of monopolies and landowners," "Creation of a government in which the working class decides the course of our history," "Relying on the defensive (sic) and labor forces of the masses," "Strengthening the influence of the workers movement," and so on: How can any of these phrases fit within the framework of action that turns them into "workers destroying the political power won"?

The righteousness implicit in the slogans mentioned completely loses all validity in the mouths of those who chant them as the instruments of divisiveness and counterrevolution. If some of the members of the Workers Front are so ingenious that they do not see the relation between words and events, this does not free them from their responsibility.

The enemies of our Revolution are too powerful to give special consideration to those who serve them only because they call themselves "Marxist-Leninists." furthermore, it is a well-known fact that neither Marxism nor Leninism are formulas or banners whose use is restricted to only one group. Perhaps for our Revolution, this is the practical consequence of theory creatively applied to the urgent tasks given to us by the revolutionary process.

PEDRO CHAMORRO DISCUSSES PRESS FREEDOM

Managua LA PRENSA in Spanish 2 Feb 80 p 2

[Article by Pedro Chamorro: "'Permission' To Exercise a Right"]

[Text] The Cuban Communist Party recently urged the organs of the press (controlled by the party-state) to "expose deficiencies in production and services provided for the people." The cable transmitted by the LATIN PRESS AGENCY adds that the ninth plenary session of the Communist Party asked that the mass communications media be granted the right to criticize and emphasized "the need to point out individual errors and outline responsibilities." All communications media in Cuba belong to the government and therefore to the Communist Party.

The granting of "permission" for what should be considered a right is almost laughable. If freedom of the press is an intrinsic right of the people, then permission should not be required. Otherwise, its use is limited by not being able to criticize the person or body granting it, for if the power exists to grant the right, then power also exists to take it away.

It is also incredible that the Cuban Revolution should finally succeed in understanding the benefits of criticism 20 years after its victory and only at a time when the country is going through an acute social and economic crisis due to inefficiency in the field of production, its total dependency on the Soviet Union and the suppression of individual rights.

Clear indications of the crisis now affecting Cuba are: the recent concentration of power in the hands of Fidel Castro and his brother Raul, along with other members of the old guard; the fact that a large number of Cubans are trying to seek asylum in different embassies, even at the cost of their lives; recent criticisms of the system formulated by Fidel Castro himself and his brother Raul; the way in which Cuba voted in the case of the Russian intervention in Afghanistan, which undoubtedly had a negative effect on Cuba's image in the group of nonaligned countries, the majority of which voted in favor of the resolution demanding the withdrawal of Soviet troops from that country.

In the face of this eloquent situation of crisis, with the press' "permission" to exercise criticism, will it be possible to criticize the Soviet military presence in Afghanistan, a nonaligned country? Will one be able to criticize the concentration of power in the hands of two brothers who have not relinquished it for over 20 years? Will the press then be able to criticize the way in which Cuba voted for the Soviet invasion of Afghanistan? Will it be possible to criticize restrictions on Cubans preventing them from leaving their country to go wherever they want, without running the risk of being gunned down in front of an embassy or perishing in the middle of the Atlantic Ocean?

If these things cannot be criticized -- because the media are in the hands of those who determine what can be criticized and what cannot be, the very same persons who grant newsmen the brand-new "permission" to criticize -- then what good is that permission?

11,464

CSO: 3010

'REVOLUTION,' 'CHANGE OF GOVERNMENT' DIFFERENTIATED

Managua BARRICADA in Spanish 5 Feb 80 p 3

[Editorial: "Unity: With Whom and for What Purpose"; passages enclosed in slantlines in italics in original]

[Text] The great political and economic changes of a revolution are the product of the will and organized action of the popular majorities, and they inevitably bring with them profound changes in all spheres of social life. Actually, therein lies the difference between a revolution and a change of government. When what is changed is simply the team of people charged with the administration of power, everything continues the same, basically. One can change the "style" of government, one can perhaps change the appearance of the mechanisms of power, but the bases on which that power is built remain intact.

In Nicaragua we are carrying out a revolution, a revolution which, it is well to remember, is not a historical accident; nor is it an accident that the leadership of this revolution falls on the Sandinist National Liberation Front.

For almost 20 years the FSLN [Sandinist National Liberation Front] developed the great tasks needed to organize the working people on the basis of the defense and restoration of their basic interests and rights. At the cost of enormous sacrifices and constant under every test, the FSLN, with a just interpretation of the national situation and nourishing itself on the experience and legacy of Sandino and the worldwide experience of the people's struggle for liberty, organized and directed the people's effort which overthrew the dictatorship.

The difficult struggle of these years generated a process of practice, consciousness-raising and political clarification in which the people and their vanguard participated together. /In that historic struggle of the people, in that process which was defining the areas and identifying the enemies and the allies, the victorious revolution acquired a specific content/ which began its gestation in 1961. It is that content which today orients the actions and policies of the Government of National

Reconstruction; it is what defines our Sandinist Revolution as democratic, popular and anti-imperialist.

The conditions, then, within which our revolution is developing are known especially by the working people, who are the ones who suffer most directly the penuries and limitations imposed by the outlaw Somozist administration and the Mafia-like organization of the economy. It is that working people, which saw its work, its blood and its sweat fatten the millionaire profits of the transnationals owned by imperialism and the bourgeois traitors, which today, strongly united to its vanguard and aware of the gravity of the times in which we live and of the limitations which these times impose on us, is exercising the Sandinist popular power.

Sandinist popular power /implies that from here on the primary efforts must be directed toward guaranteeing the present and future wellbeing of those sectors which have been traditionally isolated from economic and social progress/. Sandinist popular power is establishing its bases to extend education to all the people, to bring health services to the farthest corners of our land; to give priority to the solution of the problems of housing and food, particularly in the case of those sectors which have little or no resources.

To accomplish these aims we must integrate into the economic life, in its basic aspects of production and distribution, all the sectors of our people, banishing exploitation forever and creating the margins of wealth which permit access to social progress and to the wellbeing of our workers and peasants.

In 1980 the achievement of those goals depends on compliance with the Plan for Economic Recovery for the Benefit of the People, which calls upon all those sectors on which the real possibility of lifting our economy, pulling it out of its present calamitous state, depends today.

/On this basis, Sandinist popular power suggests unity with the just, with those who, in spite of our differences on various levels, are aware of the efforts which will be necessary to reconstruct Nicaragua on new bases of economic and social coexistence./

With those who understand what social forces are capable of really giving impetus to the plan, which the circumstances inherited from Somozism impose on all Nicaraguans, so that they may reemerge as a nation; with those who understand that here there are no political spoils to share, but rather huge tasks to rescue hundreds of thousands from illiteracy, poverty, promiscuity and exploitation.

Under this new sun of freedom there is no place for those people to reproduce themselves who in the name of "their" right to dissent--a right which this Revolution does not deny--maneuver with all the bitterness produced by their unsatisfied desires for power. There is no room to

confuse freedom of expression with infamous attacks on the interests of the classes which make up the force and the basic reason for this revolution.

Let us not call ourselves to deceit. The personalization of certain attacks is nothing more than a subterfuge. What is being attacked is the popular, democratic and anti-imperialist character which marks the rhythm of our process. What is being attacked, in the last analysis, is the fact that the workers and peasants are seizing their historical rights, that we are carrying out a revolution and not a simple change of government. And one is manipulating when one does not recognize it, when one pretends that what he is doing is pointing out "errors" or "fears"; when one does not indulge in criticism, but rather in counterrevolution. And that right, indeed, does not exist, nor will it ever exist in this country.

With those who execute these maneuvers, with those who feed them, definitely there is no unity possible. Those elements already have achieved unity with their equals: the antipopular, antidemocratic and proimperialist forces. In a word: counterrevolution.

/The unity of which we are speaking, unity with the just, can be achieved because it is not contrary to the principles and--this is essential--it is necessary for the achievement of the goals we have outlined with the workers and peasants.

/Finally, it is well to reiterate what we pointed out at the beginning. In Nicaragua we are carrying out a revolution, Sandinist popular power has been created and, as Comandante Henry Ruiz Madesto would say, "The Sandinist Revolution was born to remain, to triumph, and not to abandon its principles."/ Sandinist Front for National Liberation.

8735

CSO: 3010

DEFENSE FOR 'EL PUEBLO' SCORED

Managua BARRICADA in Spanish 30 Jan 80 p 3

[Article by Carmen Sanchez]

[Text] As was to be expected, the IAPA [Inter-American Press Association] as well as the Conservative Democrats, the Social Christians and the CPDH (which is the same thing), and certain journalists who are the spokesmen for reaction in this country, have protested the intervention in the official organ of MAP [People's Action Movement]. Everyone is saying the same thing: "Freedom of the press is being violated," or, "Freedom for everyone to say what he likes," etc. And this does not surprise us. On the contrary, that attitude confirms what has already been said and demonstrated in days gone by: that the positions of the right and the ultraleft coincide. After all, "since the world is round, those who are to the left of left /easily become the right." They defend the same thing: an abstract freedom, / [in italics] which is the same as freedom for all even to make counterrevolution, whether on the side of the right or the ultraleft. And if they are denied the right to make counterrevolution, then they will say that "pluralism" (real, the defense of their sectarian and minority interests) is being attacked.

The IAPA says in its protest: "for the right of the people to be fully informed and to receive the entire gamut of information which pluralism guarantees." The same thing is said by Jose Esteban Gonzalez--the number one detractor of the Revolution--and the conservative democrats; if it were not for a local newspaper which prints their communiques, it would be difficult to hear the noise of the chains which tie them to the black past of our history.

But while they issue communiques, thousands of workers, organized women and youth mobilized yesterday to support the Government Junta and to guarantee the defense of their rights. Certainly yesterday's demonstration was one of popular force, of a people ever more conscious of the need to defend their interests over those so-called abstracts of "freedom and pluralism."

The most important lesson we succeed in drawing from those "pathetic" pronouncements by the gentlemen who claim to defend freedom of expression and pluralism is the agreement of their suggestions with those of the ultraleftists, and even more important, the coincidence of their practical attitudes. We must say to those gentlemen that "freedom of expression" is not the right they suggest, to administer that freedom according to their dirty economic interests or even the class interests they represent; that it does not concern an empty, hollow phrase, but rather an entire practical connotation, and that its practicality will be determined by the people; otherwise, what more beautiful sight can there be than a people who rise up and proclaim with shouts their right to express themselves in defense of their interests, as happened yesterday with the demonstration at Government House?

Freedom is a right which is won, and the just men--the really just men--of this country won that right, which had been trampled for centuries, with blood and fire, so that the only framework in which to express oneself freely is the one defined by the revolution to strengthen, advance and deepen it for the direct benefit of the exploited organized workers' sectors. There is no room, then, for the collective hysteria of the IATA and the masquerade of conservatives and Social Christians and ultraleftists to have that freedom which they so loudly claim to defend concern only their own right to continue to despoil our people, to continue to trample and manipulate the needs of the workers and peasants and other exploited sectors; and that, gentlemen, is not going to happen again in today's Nicaragua.

8735

CSO: 3010

NICARAGUA

BACKGROUND ON INVALIDITY OF BARCENAS MENESES-ESGUERRA TREATY

Managua LA PRENSA in Spanish 8, 9, 10 Feb 80

[Three part article by Miguel D'Escoto Brockmann, minister of foreign affairs]

[Part I: 8 Feb 80 p 2]

[Text] Foreword

The purpose of this brief account is to make public some of the vast documentation, evidence and other considerations that bear out the lawful rights on which Nicaragua bases its struggle to maintain and defend the integrity of its insular territories and the continental shelf within which these territories are located and inserted, in accordance with the means available to us through international law.

Now that Nicaragua has recovered its independence and national sovereignty, after a hard, bloody and painful war of liberation, we are hopeful that the international community will make justice prevail and that Nicaragua will be able to recover those territories being occupied by the governments of a sister nation.

Miguel D'Escoto Brockmann, minister of foreign affairs

Managua, Nicaragua, 4 February 1980 - "Year of Reading and Writing"

Introduction

The Nicaraguan Rise

The maps of the National Geographic Institute, the "U.S. Geodetic Survey Tectonic Map," as well as other maps, and authors Avdeev and Beloussev, in referring to the geomorphologic structure of the Caribbean Sea, all identify the system of submarine ridges that configure the Caribbean Sea bottom as the Nicaraguan Rise.

The Nicaraguan Rise is situated between two deep basins, the Yucatan Basin on the north and the Colombian Basin on the south. The latter basin, hundreds of nautical miles wide, has a clearly defined abyssal bottom, constituting an enormous abyss that separates Nicaragua's underwater territories from those of Colombia. A cursory look at the map of the Caribbean Sea bottom suffices to show clearly that Colombia's claim to share with Nicaragua a "common continental shelf" is a patent distortion of the Caribbean Sea bottom's geomorphologic reality. It is immediately evident that, in the same way that the Republics of Panama and Costa Rica separate Colombia from Nicaragua, a vast marine trough also separates the submerged territories of Nicaragua and Colombia, as if they pertained to two separate and distinct continents.

From within the Nicaraguan Rise there emerge a number of islands, islets, keys and banks, in the same manner as mountains, peaks, cordilleras and volcanos rise from a country's continental mass. The island of San Andres located just 105 nautical miles from the Atlantic coast of Nicaragua and 356 nautical miles from Colombia, the island of Providencia at 123 and 380 nautical miles from the two countries respectively, to say nothing of the Roncador and the Quitasueno and Serrana keys at 140 and 210 miles respectively from Nicaragua and some 500 miles from the Colombian coast, are all emergences or geographic variations of the Nicaraguan Rise.

Thus, geographically, there is no doubt whatever that these territories are an integral part of Nicaragua's continental shelf, which is the underwater extension of its terra firma or mainland, or that, as heretofore defined, these formations to which we refer "constitute a single mass with continental Central America that is united in an indisputable manner--geographically and geomorphologically--with the Atlantic or Caribbean coast of Nicaragua."

Historical Background

The history of Nicaragua has for many centuries been marked by one constant: the possibility of building an interoceanic canal. Interest in finding the route for such a canal was shown early on by Spain, was pursued avidly by Great Britain--which in the 18th century seized the Mosquito Coast of Nicaragua--and, in the 19th century, became an obsession to the budding American empire, giving rise in the latter case to its most patent consequence, the Webster-Crampton Treaty in 1852 between the United States and Great Britain, and to the ill-fated proclamation by a group of American adventurers of a phantom "Free City of Greytown," the gateway of the interoceanic canal.

A substantially more significant consequence for the entire Caribbean area was the intervention by the filibuster William Walker in 1856, who at the head of an army of adventurers tried to take over Nicaragua to annex it to the United States's southern slave states. Walker was defeated after a bloody civil war during which Nicaragua was devastated but managed to keep its national independence thanks to the patriotism and solidarity of all

the Central American peoples. Great Britain continued its occupation of Nicaragua's Atlantic coast, and in various ways controlled the adjacent islands, which were the daily refuge of adventurers and smugglers. At no time, however, did Nicaragua cease pressing its claim to sovereignty over the Mosquito Coast and its adjacent islands. This struggle ended in the treaty signed in Managua on 28 February 1860 between the governments of Nicaragua and England, wherein England explicitly and clearly recognized Nicaraguan sovereignty over that territory. The sole mention of a third country in the Treaty of 1860 is found in Article 1 where it states that the treaty has no bearing on "any question of boundaries between the Republics of Nicaragua and Honduras," this being another of the many existing proofs that Colombia has absolutely no claim to rights over that part of Central American territory which is the Mosquito Coast.

Another fact within the framework of this continued course pursued by Nicaragua to recover its occupied territories, attesting the firm intent of the Nicaraguan authorities to validate their rights, is the presence, in 1880, of the Nicaraguan authorities in the islands of San Andres and Providencia. Colombia, on the other hand, despite its claim now to rights over those territories, was absent from this constant struggle by a Central American people to expel from within its borders an extraregional imperialism. As regards San Andres and Providencia, as will be seen shortly herein, Colombia later substituted for the British military presence a military force of its own, taking advantage of Nicaragua's awkward historic situation, occupied as our nation was by American imperialism.

On 12 February 1894, a Nicaraguan military force commanded by Gen Rigoberto Cabezas, under orders from President Jose Santos Zelaya, overthrew the puppet Mosquito government maintained by Great Britain, thus introducing the beginning of the end of the British presence in Nicaragua. Finally, with the Altamirano-Harrison Treaty, the British abandoned definitively their ambition to rule over Nicaragua. Again, as in prior cases where Nicaragua signed treaties with third countries having any bearing whatever on the Atlantic coast, no mention whatever was made of Colombia's claim to rights over the Central American Mosquito Coast.

In 1909, Nicaragua entered upon a dark period of military and political intervention by the United States, which continued throughout 70 years, until the victory of the Sandinist popular insurrection on 19 July 1979. In 1909, American Secretary of State Knox sent an insulting note of ultimatum to President Jose Santos Zelaya, calling upon him to resign as president, under the veiled threat of having him deposed by the U.S. Marine Corps. In the end, General Zelaya's resignation proved futile in that sense, because in 1912 thousands of American marines invaded our nation. Patriot Gen Benjamin Zeledon attempted to confront them, but the overwhelming superiority of the Americans in arms and men made resistance hopeless. New York bankers took over the railroads, banks, customs, ports, mines...

Colombia took advantage of this situation and tried to achieve its ambition over our Atlantic coast and adjacent islands, with a force that, by contrast, was comparable only to its absence in prior periods when the Mosquito Coast was in British hands. American participation in the independence of Panama produced tensions between the United States and Colombia, which the American government tried to mitigate by turning portions of Nicaraguan territory over to that sister country. In 1912, the United States imposed on Nicaragua the presidency of Adolfo Diaz, an accountant in the American mines, and, in 1916, we find the Colombian government in secret meetings with the State Department in Washington to despoil Nicaragua of San Andres and Providencia.

[Part II: 9 Feb p 2]

[Text] Historical Background (continued)

In 1925, the presidency of Nicaragua was occupied by Carlos Solórzano who, though backed by American arms, maintained a modicum of national propriety. That year, the American minister in Managua proposed to Solórzano that he sign a treaty recognizing Colombian sovereignty over San Andres and Providencia. Solórzano rejected indignantly the minister's insolence. A few months later, he was deposed.

In August 1925, the marines left Nicaragua, only to return a few months later...

In 1926, the Americans again imposed chief accountant Adolfo Diaz as president, and, in 1927, Nicaragua was again occupied by the United States marines. The State Department had its way through the so-called "Espino Negro Pact," permitting accountant Adolfo Diaz to remain as president until 1 January 1929. This is the president who, obeying the State Department's "suggestions," acceded to the signing of the Barcenas Meneses-Esquerria Treaty. Carlos Cuadra Pasos, the minister of foreign relations at the time, unable to prevent the signing of such an opprobrious treaty, managed to be absent from Nicaragua when the signing ceremony took place. The treaty was signed in his stead by the undersecretary of foreign relations, Jose Barcenus Meneses. Adolfo Diaz, however, despite his insuperable subservience, refused throughout his term to have the treaty that had been imposed on him by the State Department ratified, leaving it to the other historic parallel, the Liberal Party, represented by Jose Maria Moncada, to bear the shame of complicity in that ignominious surrender. On 1 July 1927, the era of the General of Free Men, Augusto Cesar Sandino, declared war on American imperialism.

The said Barcenus Meneses-Esquerria Treaty was, however, not improvised in 1928 but rather connived bit by bit between the United States and Colombia beginning in 1916. The state of prostration in which Nicaragua found itself at that time is clearly manifest in the absolute disregard shown by the occupying forces for the fact that Nicaragua's political constitution

forbade categorically the entering into any treaty prejudicial to its national sovereignty or that might involve dismemberment of its national territory. The treaty was signed on 24 March 1928. On 10 April of that same year, that is, 16 days after the signing of the Barcenas Meneses-Esquerria Treaty, an agreement was signed between Colombia and the United States, drawn up in the form of an exchange of notes but vested by its own terms with the force of a treaty, covering the juridical status of the Roncador, Quitasueno and Serrana keys. The latter treaty cannot be considered a mere coincidence. Toward the end of 1928, "elections" were held in Nicaragua, overseen and managed by officers of the U. S. Marines, Gen Charles McCoy having been designated by President Coolidge as chairman of the board of elections of Nicaragua. On 1 January 1929, Jose Maria Moncada, the defender of the American armed presence, became president of Nicaragua. Adolfo Diaz, besides requesting that the treaty be kept secret, had also carefully asked that it not be ratified under his mandate. Moncada was summoned by Kellogg, who was then secretary of state, in a note of 2 February 1929 to ratify the Barcenas Meneses-Esquerria Treaty, assuring him "that more favorable terms cannot be expected in the future if the present treaty is not approved," a note that was in fact an ultimatum and that recalled the infamous "Knox note."

Many voices were raised in protest in Nicaragua, but little or nothing could be done. Some deputies asked that debate on the 1928 treaty be opened to several generations "because perhaps the Nicaraguans by then will be able to cope with the circumstances." On 6 March 1930, the Barcenas Meneses-Esquerria Treaty was ratified, and it has indeed taken Nicaragua many successive generations to reach the point where it can assert its sovereign right to defend its territorial integrity. On 19 July 1979, the people of Nicaragua, led by the Sandinist National Liberation Front, put an end to the nightmare that began with the American intervention of 1909, by expelling in the person of Anastasio Somoza the last representative of American intervention in Nicaragua.

The Nicaraguan Constitutions

The successive Nicaraguan constitutions have from their inception and with regard to Nicaragua's territorial limits held the latter to be its natural boundaries, as they are set forth in the Manifesto of 13 October 1821 by the Provisional Mexican Government Junta; in the Declaration of Independence of the United Central American Provinces issued by the latter on 1 June 1826; in the Constitution of the State of Nicaragua of 8 April 1821; and in Article 2 of the Constitution of Nicaragua of 1838. In none of the cited constitutions is reference made to any question of territorial limits with Colombia, there being no territorial limits except with the Central American countries.

The Nicaraguan Constitution of 1858 maintained, as did all previous constitutions, national sovereignty over our Atlantic coast, which, as we shall see, has been recognized in every treaty Nicaragua has signed with other

countries, without there being any reference in any form in any of these treaties to the claims now being made by the Colombians over the Central American Caribbean coast.

In the Constitution of 10 December 1893, various new concepts were introduced, one of which stipulates restrictively that "public officials will have no powers except those expressly stipulated by the law and that any act executed by them outside the limits established by the law is null." The reforms made to this constitution in 1896 maintained the same principle. Subsequently, the Nicaraguan Constitution of 11 December 1911 stated in Article 1 that the Nicaraguan territory "includes the adjacent islands," and its Articles 2 and 3, the importance of which requires that we repeat them verbatim, stipulate the following:

"Article 2. Sovereignty is one, inalienable and imprescriptive and resides essentially with the people from whom the officials that the Constitution and the laws establish derive their powers. /Consequently, no treaties may be entered into that are contrary to the independence and integrity of the nation or that may affect its sovereignty in any way [all caps]/ except those tending toward union with one or more of the Central American republics.

"Article 3. Public officials have no powers beyond those expressly assigned to them by the law. /Any act they may execute outside the law is null [all caps]/."

The Nicaraguan Constitution of 11 December 1911 was in effect during the signing and ratification of the Barcenas Meneses-Esquerria Treaty. It was replaced in 1939 but this later constitution stipulates practically the same principles. The Constitution of 1948 includes the continental shelf and the stratosphere.

It is thus fully evident that the decision to declare the Barcenas Meneses-Esquerria null and invalid is in no way gratuitous but is instead based firmly on Nicaragua's juridico-constitutional tradition, as well as on its historical and geographical realities, and even more evident that only the interventional power of American imperialism could have made possible the signing of the Treaty of 1928, the effect of which was to break a juridico-constitutional tradition dating back more than a century.

However much the Colombian government may try to show that it at some time held rights over the Central American Mosquito Coast, they were solely police functions--and even these were not very effective, as is evident from the fact that in 1806 the governor of San Andres surrendered the island to the British without firing a shot, the Viceroyalty of Santa Fe having declined any intent to recover it, adducing the island's insignificant value--and for a short period of less than 3 years, since the Royal Order of 1803 was rescinded in 1806.

The International Treaties

Nor are Colombia's claims of an alleged annexation of the Central American Mosquito Coast to the Viceroyalty of Santa Fe supported in the least by the international treaties signed by Nicaragua with other countries throughout the 19th century and until 1928. On the contrary, every treaty negates those claims, commencing with the Molina-Gual Treaty of 15 March 1825 between Colombia and the United Provinces of Central America, wherein both the contracting parties "mutually guarantee the integrity of their respective territories (...) as they naturally existed prior to the present war of independence."

In the treaty between Nicaragua and Spain signed in Madrid on 25 July 1850, Spain recognized the independence of Nicaragua with all its adjacent islands, and in Article 1 thereof Spain "definitively and solemnly abandons forever for itself and its successors its sovereignty, rights and functions over the American territory situated between the Atlantic and Pacific Oceans /with its adjacent islands [all caps]/, formerly known as the Province of Nicaragua, now the Republic of the same name." This reference does not exist in the recognition accorded by Spain to the independence of Colombia, since that sister country has no islands in the Caribbean Sea.

The Treaties of 1850 (Clayton-Bulwer) and 1852 (Crampton-Webster) between Great Britain and the United States, although opprobrious to Nicaragua's sovereignty, contain an affirmation of importance to the matter we are here considering, in that both powers recognize in those treaties that there can be no sovereignty in Central America other than that exercised by the Central American states over their own territory including the Mosquito Coast.

Nor do we find any mention whatever of the rights Colombia claimed to have in the treaties of 27 August 1856 between Honduras and Great Britain and of 17 October of the same year between the United States and Great Britain.

By the Treaty of 15 April 1858 (Canas-Jerez), Nicaragua and Costa Rica divided between themselves the territory claimed by Great Britain for the Mosquito "king"...

[Part III: 10 Feb 80]

[Text] The International Treaties (continued)

By the Treaty of Managua of 20 January 1860, England recognized Nicaragua's sovereignty over the Mosquito Coast, and on 2 July 1881 Emperor Franz Joseph of Austria found in his ruling that Nicaragua in fact had sovereignty over that territory, but that its sovereignty was limited by the rights granted to the Mosquito Reservation in the Treaty of 1860. On 23 November 1888, the United States repudiated the Austrian emperor's judgment and claimed for Nicaragua full sovereignty over its Atlantic or Mosquito Coast.

The Treaty of 21 July 1857 (Dickinson-Ayon) between the United States and Nicaragua, and that of 11 February 1869 (Leiden-Wyke) between Great Britain and Nicaragua, follow the same pattern of recognizing the right of the Central American states to their Caribbean coasts, without any mention whatever of Colombia's affirmations that those territories belonged to it. What is more, as has already been pointed out, Colombia never did anything to expel the British, which further corroborates the inconsistency of its claims. What it had never disputed with the British, it sought, as soon as the British were expelled, to seize from a prostrated Nicaragua.

By the Treaty of 7 October 1894, Nicaragua and Honduras declare that their respective nations are the sovereign owners of their territories, and subsequently, based on that same treaty, it was established that the two nations have full sovereignty over their coasts and adjacent islands. In 1906, King Alfonso XIII of Spain confirmed those assertions, and on 18 November 1960, the International Court of Justice found the decision of King Alfonso XIII valid.

We come now to the 20th century and the Treaty of 19 April 1905 (Altamirano-Harrison) by which Great Britain recognizes Nicaragua's full sovereignty over the Mosquito Coast and, consequently, over its adjacent islands, which have always formed a single entity with the Nicaraguan Caribbean Coast. The signing of that treaty represents the definitive expulsion of the British Empire from Nicaragua and Central America.

On 12 September 1914, the Chief Justice of the U.S. Supreme Court, in his arbitration with respect to the border issue between Panama and Costa Rica, found that neither Panama nor Colombia had any basis whatever for claiming the annexation of the Caribbean coast. That judgment does not establish a new jurisprudence; it limits itself to recognizing a juridical, historical and geographical fact, inasmuch as those bald attempts at annexation had as their sole basis Nicaragua's weakness and Colombia's vast military superiority.

Such a profound breach, as the Barcenas Meneses-Esguerra Treaty represents, with this juridical tradition rooted in so many international treaties, can only be explained by the political and military occupation Nicaragua has suffered since 1909. Prior to 1928, no international document existed that recognized Colombia's claims; nevertheless, by the Barcenas Meneses-Esguerra Treaty, Colombia "recognizes" Nicaraguan sovereignty over the Mosquito Coast in "exchange" for Nicaragua's recognition of Colombia's sovereignty over the islands of San Andres and Providencia. In other words, enter Colombia recognizing Nicaragua's right to a territory that has always been Nicaraguan, and Nicaragua meanwhile--through the act and grace of the United States--loses a piece of territory that after more than a century of arduous struggle it had finally succeeded in recovering from the British Goliath.

This case history adds revealing light to our understanding of the circumstances that prevented Nicaragua from rejecting a treaty drawn up by Colombia and endorsed by the U.S. State Department--a treaty that was conceived null, was born null, and has therefore never been in the least valid. It is null not because it is being affirmed so by the Nicaraguan nation of 1980; it was affirmed so at its inception in 1928 simply because the Nicaraguan constitution in effect at that time declared it to be, international law has since reaffirmed it to be, and Nicaragua's history and geography more than amply demonstrate it to be, invalid.

As a corollary to that Treaty of 1928, the United States, on 8 September 1972, signed a treaty with Colombia whereby the American government cedes to Colombia its "rights" over the Roncador, Serrana and Quitasueno keys. The United States had unilaterally taken possession of those territories in 1919, basing its action on the so-called "Guano Law," by virtue of which any island or islet considered by the American government to be terra nullius--and provided only that "guano is discovered on it by United States citizens"--could be annexed by the United States. It so happens that two American citizens had discovered guano in the Serrana and Roncador keys in 1865. Quitasueno was annexed later, to further deprive Nicaragua of its rights.

The Royal Orders of 1803 and 1806

The dispute between Nicaragua and Colombia has its origin in the Royal Order issued in San Lorenzo on 20 November 1803, that is, in the last years of the Colony. Because of the continual pirate incursions, which had since the 18th century kept the Caribbean coast of the then Captaincy General of Guatemala in a permanent state of anxiety, the War Ministry pressed, and subsequently delegated temporarily to the Viceroyalty of Santa Fe, the defense of the Mosquito Coasts and the islands of San Andres and Antigua Providencia.

This Royal Order has been the object of attempts by some Colombian commentators to equate it to Royal Cédulas, which substantively are of a totally and categorically different nature. The Royal Cédulas alone possessed jurisdictional validity in matters of borders and were issued not by the Ministry of War but by the Council of the Indies, and only the Royal Cédulas issued by the Council of the Indies could modify the jurisdictional limits of the audiencias, as set forth in Law 1, Title XV, Volume 2 of the "Recopilacion de Indias" ["Laws of the Indies"].

The Royal Order of 20 November 1803 contained simply a special or "privative" mission--a designation in law for this type of administrative order; that is, the Royal Order of 20 November 1803 was by its nature merely administrative, purely a military special order, the object of which was to assure a better defense of the Mosquito Coast; and for this reason, the ultimate origin of the Royal Order of 1803 is found in the Fortification and Defense Council of the Indies, the body that recommended its issue.

Reevoking this historical truth, Ricardo S. Pereira, the Colombian writer--in his book "Documentacion sobre los Limites de los Estados Unidos de Colombia" [Documentation on the Boundaries of the United States of Colombia]--in referring to Colombia's border problems with Venezuela concerning Guajira, says: "These very special missions never implied changes to territorial boundaries, since boundaries were always established through very clear, precise and minutely detailed Royal Cédulas."

The Royal Order of 20 November 1803 from the Spanish crown was ill-received in the Captaincy General of Guatemala, which promptly requested the colonial government to restore to it the authority to defend that Captaincy's Atlantic coast. As a result of this proceeding, the Royal Order of 20 November 1803 was rescinded 3 years later by another Royal Order dated 13 November 1806 in San Lorenzo, also issued by the Ministry of War and addressed to the Captaincy General of Guatemala. The Royal Order of 13 November 1806 restored to the Captaincy General the same privative mission it had temporarily transferred to the Viceroyalty of Santa Fe. The Royal Order of 8 June 1810 demonstrates clearly that the Mosquito outposts pertained to Guatemala. As the Nicaraguan historian, Jose Dolores Gamez, rightly points out, the Royal Order, "the sole purpose of which was to defend Central America (...) actually did nothing more than awaken Colombia's greed."

Regarding the Roncador, Quitasueno and Serrana keys, there can be no question that the Colombian arguments, affirming that those keys have always been considered, geographically and juridically, integral parts of what the Colombians call the "San Andres archipelago," are totally at variance with the truth. As grounds for this assertion, we cite, indicatively, two facts: First, the specific affirmation made by the government of the United States in 1916 through Assistant Secretary Francis White in a diplomatic note addressed to the Colombian minister in Washington: "It should be definitively made clear that those island have not been a part of the San Andres archipelago." Secondly, and without implying by this citation that the Barcenas Meneses-Esquerria Treaty may be valid in the least, the said Treaty, in the second paragraph of its first article, omits these keys from the San Andres archipelago and the island of Providencia.

The Continental Shelf

Since the 1940's, international law has seen the concept that has come to be known as that of the "continental shelf" born, consolidated and become a juridical institution the force of which is recognized by all the nations of the world. Since 1945, many Latin American countries have unilaterally declared their sovereignty over their continental shelf. The 1958 Geneva Convention explicitly and clearly recognizes the right of coastal countries to their continental shelf, as an integral part and natural extension of a country's terra firma or mainland, and from which under

no concept--as has been laid down by the International Court of Justice--may they be deprived, inasmuch as to do so would imply a disavowal of the most fundamental right of states to maintain and defend the territorial integrity of the nation.

The right of coastal countries to their continental shelf , besides being abundantly reevoked in the internal legislation of most of the world's countries, has been reaffirmed again and again in conferences, meetings, congresses, and so forth, and it would be useless and superfluous to enumerate one by one all the declarations and resolutions in which this principle has been consecrated. Suffice it to cite that the Unofficial Complete Text for Purposes of Negotiation of the Third United Nations Conference on Law of the Sea also reevokes it. True, this text has not yet been approved, but it is even more true as well that it has general consensus and the full backing of the nonaligned countries, a movement of which Nicaragua is a member.

That Nicaragua should be denied the rights that the international community recognizes to all its members is something which that same international community should repudiate, in the same manner that it repudiates and considers odious the attempts by large and militarily powerful nations to extend their boundaries in detriment to small countries, assuming attitudes prejudicial to the harmony, respect and friendly relations that, beyond the misguided acts of governments, unite peoples, and the more so where Latin American peoples are concerned. We, the countries of our Latin American continent, who have endured the pain and bloodshed of intervention, neo-colonialism and dependency, should be above any expansionist or colonialist desires.

9399

CSO: 3010

DEFENSE MINISTER SPEAKS TO PEOPLES ARMY

PA100006 Managua BARRICADA in Spanish 2 Mar 80 pp 1, 12 PA

[Text] The political and military training of the Sandinist Peoples Army [EPS] began early yesterday morning with a main ceremony held at the grounds of the Carlos Aguero Echeverria School.

The ceremony was attended by the members of the National Directors: Revolutionary commanders Jaime Wheelock, Bayardo Arce, Tomas Borge, Luis Carrion, Henry Ruiz and Humberto Ortega Saavedara; members of the general staff and guerrilla commanders, as well as Sergio Ramirez, member of the junta of the government of national reconstruction.

Raul Venero, director of the Sandinist air force, and Joaquin Cuadra spoke on the occasion. The first one read the enrollment document and the second read the EPS address for the occasion.

Combat Readiness Before Our Enemies

The last speaker was Defense Minister Commander Humberto Ortega who said that political and military training were for the purpose of allowing the Nicaraguans to confront, at any moment and under any circumstance, any possible attack by reactionaries, imperialists or counterrevolutionaries, who never cease to plot against the revolutionary process.

The commander in chief said that the sweat of the workers, peasants and intellectuals, artists, progressives and revolutionaries will produce the wealth that will allow the creation of the new army.

Our people, Commander Ortega continued, have always been ready to fight exploiters, as was seen during the fight against Somozism.

Our people, he emphasized, are like a great army seeking to strengthen its organization, discipline and awareness so as to be at the utmost revolutionary readiness to defend our process.

He said the people are in the midst of their sacrifices, enthusiasm, difficulties, disease and the great backwardness caused by the oppression and exploitation we inherited from Yankee-Somozism. Today, more than ever, the people shout: Long live the general of free men!

"Our people see in you the armed sector permanently ready to defend not only the conquests of those who died yesterday but also the humble workers who make sacrifices today."

Our revolutionary commander said that our people hope to attain not only a high level of technical and tactical preparedness, but also a high degree of enthusiasm and revolutionary spirit reflected in those shouts of victory chanted by peasants and workers.

He said that we must be demanding because our people, who have shed their blood, work under very difficult conditions, are unemployed, and have children dying in distant communities because there are still doctors who aren't aware they should go there and cure those children, demand more from us.

This is why we must be self-critical so we can improve and develop. For example, this ceremony was scheduled for a certain hour and it was delayed. By today we should have completed a certain number of building projects and they are not ready. Why did this happen, Commander Ortega asked?

Why does the poorly fed peasant have to plow the land under the rain and plagued by mosquitos? How come he works for you without needing to have anyone watch over him?

Why, he insisted, don't we correspond to this effort by the people? Why must we today hear the cries of victory more than ever before? Why must we be more disciplined and demanding with ourselves? Because if we aren't other, more capable men will take our place.

There are thousands of peasants and workers who would be proud to be in the army. Those who died yesterday would also have liked to be in your places. We must be able to recognize this and act accordingly.

Our revolution develops on a continent in turmoil. This is a real revolution that will attain all its goals. This people's revolution will never betray the revolutionary principles which were adhered to by those who fought--our martyrs and heroes of yesterday. Our workers and peasants strive for these same principles, the defense minister said.

He said that this revolution strives and develops in Central America where other peoples also strive to develop the cause of justice, progress, democracy and revolution.

We are building our revolution under difficult conditions of economic shortages and counterrevolutionary activity, at the doorstep of imperialism.

We must have more discipline and revolutionary spirit if we are to win the battle against imperialism, which is the equivalent of winning the battle of the Latin American peoples.

Our revolution, he continued, cannot fail because it is part of a continental revolution. It is not only our people who are demanding more discipline and revolutionary awareness from us, it is also the Latin American people who see us as example and a hope. Therefore, our consolidation will be their triumph.

On this day, when we begin our process to attain an effective combat readiness to repel any attack or enemy invasion, we must strengthen our ties with the masses and the revolution. We must strengthen our political awareness so that our people can depend on an army ready to go into action at any moment.

The defense minister said that the enemy takes advantage of our problems and mistakes but that we have the strength to overcome their schemes. However, he insisted on the need to overcome our weaknesses.

In conclusion, the EPS commander in chief said that our army is ready to insure that the economic reactivation plan is implemented and emphasized the exemplary attitude of many companeros who have helped increase production by joining the sugarcane cutters.

We need a high degree of organization and an iron bound discipline if we are to create the new man and advance toward progress. Only in this way will we fulfill the historic mission of being first of all a good, efficient and militant revolutionary Sandinist and then a good soldier.

CSO: 3010

NICARAGUAN SANDINIST WORKERS FEDERATION ON COUNTERREVOLUTION

PA100146 Managua BARRICADA in Spanish 2 Mar 80 p 3 PA

[Passages within slantlines published in uppercase]

[Text] Appeal to the Sandinist People

Today the working class, heirs of the historic legacy of Augusto Cesar Sandino, Carlos Fonseca and Jose Benito Escobar, raises its classist and consistent voice in combat.

Several days ago we publicly denounced the maneuvers of the counterrevolution. Today the facts are more evident and clear. Somoza's friends who live in the north, imperialism and its obscure CIA, have begun to intensify a vast plan which was drafted before the victory and they now intend to implement the same maneuvers which they carried out in Chile.

There is a collective campaign of the traitorous bourgeoisie which consists of obstructing the process of economic recovery. They have in coordinated fashion begun to declare /supposed bankruptcies./ They have made an agreement to stop the advance of the revolutionary process. Our generosity in victory has been interpreted as being synonymous with weakness and they have taken the offensive. By stopping the economic recovery they want us to continue depending on loans and they want to push the revolution into that path.

Counterrevolutionary groups guided and counseled by the CIA, are recruiting and concentrating mercenaries and former national guardsmen abroad. They are working abroad, confident in what their allies are doing here at home.

Throughout Nicaragua their allies have set up several movements which are misguiding the just demands of thousands of workers. Thousands of peasants are irresponsibly being pushed into occupying land. In several factories the Central of Labor Action and Unity [CAUS] is irresponsibly pushing the workers to take over factories to stop production. This maneuver by the CAUS complements the maneuver of the traitorous bourgeoisie. With the purpose of stopping the national recovery and paralyzing production, the CAUS and the traitorous bourgeoisie have joined forces. The former declare supposed bankruptcies and the latter take over factories and paralyze production.

This desperate maneuver corresponds to the great effort and support which 10,374 workers gave in a voluntary work day on Sunday 24 February where 58,207 work hours were donated. This gave a great impulse to the economic recovery but with all the strikes which have been declared this great and beautiful effort was wiped out.

We appeal to the honest workers, deserving sons of the liberated fatherland, not to let themselves be maneuvered by opportunist and inconsistent leaders who today pretend to confront the workers with the revolutionary process. Just as in Chile, the people of the CAUS are trying to use the workers for the advantage of the counterrevolution. However, in spite of joining forces, they will attain nothing. The counterrevolution will not prevail.

We appeal to the Sandinist mass organizations to stand up and to prepare themselves for great mobilizations throughout the country.

We demand that the government junta and the Sandinist Front be consistent with the job which all our people have invested in them to adopt drastic positions to solve the following:

1. To stop the counterrevolutionary maneuvers of the treasonous bourgeoisie and their maneuvers to try to declare supposed bankruptcies. Do not let the bourgeoisie continue using their machinery and factories to blackmail the country's economic recovery and trying to lead the country into economic chaos. Deal harshly with them.
2. To legally condemn the opportunistic attitude of the pseudoleaders of the CAUS who are using demagogy to take advantage of the needs of the masses by manipulating them to make wild demands and declare production strikes which are detrimental to the interests of the revolution and the workers themselves.

/Let us increase production and smash the counterrevolution!

/Imperialism and Somozism shall not prevail!

/Unity of the people, Sandinist power!

/Free fatherland or death!

/Free fatherland or death, we shall overcome!

/Sandinist Defense Committees: Poison of the counterrevolution!

/People-Army, unity, guarantee of victory!

[Signed] /Federation of Sandinist Workers./

CSO: 3010

NICARAGUA

BUSINESSMEN DEMAND RESPECT FOR PRIVATE PROPERTY

PA092331 Managua LA PRENSA in Spanish 2 Mar 80 pp 1, 9 PA

[Excerpts] Three hundred businessmen and industrialists affiliated to the Nicaraguan Development Institute (INDE) have agreed to demand sufficient guarantees from the government so that an effective respect for private property and the free enterprise can exist in Nicaragua.

The General Assembly of the Superior Council of Private Enterprise [COSEP], held in one of the auditoriums of the Intercontinental Hotel in Managua, gathered delegates from the country's various departments who, jointly with their leaders, demanded the fulfillment of the government plan proclaimed by the junta of the government of national reconstruction when it was in exile in San Jose, Costa Rica.

Don Enrique's Report

In reading his annual report to the assembly, Enrique Dreyfus, president of the INDE Executive Council, expressed the concern existing within COSEP for the future.

"We are at this time," he said, "facing the great opportunity of making something truly Nicaraguan out of this revolution. We are also at a time when we are running the risk of failing in our historical commitment by allowing this revolution to be distorted."

Defense for the "Private Property"

The INDE president attacked the "dogmatic statements which claim that the only way to improve the social condition of the majorities would be by abolishing private property from the means of production."

"Private Property can coexist with the state property. There is no doubt that new methods for operating the private sector should be introduced in order to achieve this."

"The Nicaraguans do not have to copy revolutionary models from other societies; models that have not been able to solve their serious economic problems and which are currently subject of deep corrections by their own leaders," he said.

We Are Not "Counterrevolutionaries"

According to the INDE president, many of the problems of that organization stem from lack of communications, prejudice and the lack of a clear explanation of its aspirations.

"We are hereby denouncing any counterrevolutionary attempt--wherever it may originate. We want nothing to do with the past. Anybody who wants to go back in history must understand that it is no longer possible to play with the suffering of our people, it is time to seek new and constructive ways of struggle," he said.

"We want to see Nicaragua truly free. We want to have a fatherland in which the rights of all men will be respected, the needs of the majorities satisfied and where we are all truly brothers," Don Enrique concluded.

CSO: 3010

GROCCERS, 'LA PRENSA' CRITICIZE GOVERNMENT

PA100453 Paris AFP in Spanish 2223 GMT 9 Mar 80 PA

[Article by Horacio Ruiz]

[Text] Managua, 9 Mar (AFP)--Today, approximately 2,000 Nicaraguan grocers rebelled against certain government regulations governing their activities.

Carrying signs in which they demanded free trade in free Nicaragua and attacking the state entity which regulates the prices of food describing it as a white elephant, the grocers announced their decision to buy and sell according to supply and demand beginning tomorrow.

The rebellious stand may result in a serious confrontation between the Sandinist government and the small businesses and it could be the first direct clash between an economic sector and the revolutionary government installed in July.

The grocers had invited the five junta members, Defense Minister Commander Humberto Ortega Saavedra and the director of the Nicaraguan Basic Foods Enterprise (ENABAS) to their assembly but they all declined claiming they had many duties to take care of.

The grocers are mainly demanding that ENABAS, which controls the distribution of 12 staples, limit itself to the duties stated in the law which are regulating prices only.

The grocers claim that ENABAS has in fact become the only buyer and seller of the 12 staples throughout the country.

The grocers said that ENABAS has converted thousands of revolutionary neighborhood groups called Sandinist Defense Committees into unfair competitors because ENABAS sells to them at special prices and exempts them from taxes.

ENABAS also strictly limits the profit margin of the grocers who claim that they cannot pay the taxes and survive on what they have left.

It is feared that this challenge of the small grocers and the indifference with which the government viewed the conference will result in stricter state controls for the distribution of basic foods on Monday.

The grocers stated that the ENABAS state monopoly has seriously affected a market structure that is vital for the supply of food as the small farmers do not want to produce because of the profit margin that ENABAS has set for them.

The grocers' attitude appeared at a time when the prices of rice, beans, meat, eggs and other staples were increased again.

The grocers were shouting: We can't produce with empty stomachs. They demanded the presence of the Sandinist leaders who did not arrive.

Meanwhile, the newspaper LA PRENSA added wood to the fire by publishing its first harsh criticism of the process by affirming that after 8 months in power, the Sandinist government has not been able to implement a social welfare program that puts an end to prostitution and begging.

The newspaper published several pictures of the new brothels which began operating in the destroyed area of Managua despite an intense moralizing campaign by the revolution in the press.

The newspaper also affirmed that the National Agrarian Reform Institute is having problems in trying to prevent new land occupations by peasant groups in the country's western sector after the government seized the lands that had been de facto occupied up to 1 March.

LA PRENSA also criticized the lack of organization of the Managua police and the insecurity created by the constant robberies throughout the country, mainly in the north, where many farm areas have been abandoned because of the uncertainty being experienced there.

CSO: 3010

NICARAGUA

BRIEFS

ECONOMIC SABOTAGE WARNING--Commander Carlos Nunez noted yesterday [in Leon] upon closing the first national assembly of small cotton growers that there must be no idle land in Nicaragua in order to meet the production goals of the reconstruction government. Nunez issued serious warnings to the turncoat capitalists who are fraudulently making their firms go bankrupt. He said the Sandinist fist will hit them with full force. The same will happen to anyone who tries to boycott production. Nunez said that any enterprise shown to be undergoing a capital drain will be taken over by the state. He also warned that some phony leaders of the Central of Labor Action and Unity intend to promote the seizure of lands, including those in state hands. We will take harsh action against the saboteurs. It is a crime to paralyze production in Nicaragua because production is sacred in this country, he said. [PA101549 Managua Radio Sandino in Spanish 1200 GMT 10 Mar 80 PA]

CSO: 3010

COMMUNIST OFFICIAL COMMENTS ON PARTY CONGRESS

PA100252 Panama City UNIDAD in Spanish 1-15 Feb 80 p 4 PA

[Text] Enthusiastic Participation and Commitment

"This Sixth Congress of the People's Party [PDC] links more closely all the sectors of the Panamanian revolution and our party's youth. Our young people are receiving from experienced hands revolutionary perspectives which view the future with optimism in spite of the great battles still ahead of us. Our participation is enthusiastic and committed, full of optimism and assurances in the future of our party and revolution." This was said by Alexis Dixon Rodríguez youth leader of the PDP as he replied to our question on the youth sector's participation in the party's sixth congress to be held in February. He added the following: the thesis presented lead to a special discussion to determine specific criteria based on reality and the existing socioeconomic and political situation of the Panamanian youth movement.

Democratic Rights of Youth

Alexis Dixon replied to our questions on the political results of the discussion of the thesis among young people. The discussion was considered to be of enormous importance since young people emphasized its party spirit still more and the awareness and operation of the theory of our revolution. He also told us that it is important for the party to have hundreds of youths participating in the congress' preparations with optimism and assurance in the party's future.

Youth--An Auxiliary Force

In order to establish coordination between the party and youth in the many tasks before us and because of their importance and the present situation of our revolution, Comrade Dixon said, we must view the problem of youth, its structure and line of work in precise terms.

Autonomy of Youth

The need for an autonomous youth organization, will naturally be discussed within the forthcoming congress, not only because it means that a resolution will be passed on the form and functions of merely subjective interests but also because it tends to, and is closely linked with, great revolutionary tasks which our party must fulfill according to the interests of our people and all Panamanian youth.

Great Political Benefits

He also said that the national youth sector is introducing in the agenda the principal elements of the democratic rights of youth, its interests and concerns so that these will serve and help the discussion. It will help to facilitate it according to the interests of youth and will deal with these points in such a way that it will allow us to determine if they really satisfy the interests of Panamanian youth and if the tasks involved will help to solve the natural problems of young people.

CSO: 3010

COMMERCE MINISTRY TO ISSUE BUSINESS LICENSES IN CANAL AREA

PA080259 Panama City LA REPUBLICA in Spanish 5 Mar 80 pp 1-A, 6A PA

[Article by Eva E. Montilla]

[Text] The legal document establishing the commerce office of the Canal area is undergoing normal procedures before it is issued. The commerce office will be in charge of issuing licenses to profit and non-profit enterprises in the Canal area.

Vicky Soriano, legal adviser of the Commerce and Industries Ministry's office, said that some 300 requests from profit and non-profit enterprises interested in operating in the Canal area have been received.

She said the commerce office will continue the work begun by the former Panama Canal authority regarding the granting of provisional licenses to the enterprises in the Canal area and which by virtue of the Canal treaties can continue operating there for 30 months.

Soriano said the commerce office will establish coordination with the Finance and Treasury Ministry regarding the granting of new licenses. The Finance and Treasury Ministry is in charge of granting permits for the use of land or property in the former Canal Zone.

As for the granting of new licenses, the normal procedures which apply for any request will continue. The only additional procedure requires the authorization of the Finance and Treasury Ministry for the purchase of land or property.

CSO: 3010

BUSINESSMEN SCORE JOURNALISTS REPRESSION

PA103154 Panama City LA ESTRELLA DE PANAMA in Spanish 8 Mar 80 p 2A PA

[Communique issued by the Panamanian Association of Business Executives]

[Text] Our association is very concerned over the fact that the national government has canceled the licenses of several radio commentators and announcers.

In the case in question, the government has, through the national director of social communications media, imposed the maximum penalty, thereby curtailing freedom of expression, an act that is equivalent to eliminating one of the principal rights of the human being in a democratic society.

It is our opinion that any penalty should be preceded by a legal process which permits the accused to defend themselves so that the law will be applied with justice, impartiality and equanimity. In the case of the recently penalized radio journalists, the only solution is to revoke the respective resolutions in order to maintain the principle of free expression and to restore the peace of the people.

We consider this an opportune chance to reaffirm to all radio, television and newspaper journalists that it is necessary for them to maintain a level of objectivity and honesty in their commentaries and analyses so that the valuable work of healthy and constructive criticism will attain the goals of political, social, economic and spiritual improvement which the nation requires. We also point out to the government that the application of extreme measures causes unrest, uncertainty and instability in the country--rather than benefits--with their negative consequences for the social peace and welfare of the nation.

CSO: 3010

JOURNALISTS UNION PROTESTS REPRESSION OF JOURNALISTS

PA102155 Panama City LA REPUBLICA in Spanish 9 Mar 80 pp 1A, 6 A PA

[Communique from the Journalists Union of Panama]

[Text] The Journalists Union of Panama cannot ignore the recent decisions of the national government, expressed through resolutions issued by the Social Communications Media Department of the government and Justice Ministry, which canceled the licenses of four radio commentators, based on charges that they had exceeded their rights of freedom of expression, which is a vital principle of domestic journalism because the public freedoms are based on this.

We understand that every right must unavoidable have a corresponding duty, on which the virtue and guarantee of a society's right of expression is based. Therefore, the paths of rights and duties must complement each other in harmonic relations between the people and the state in order to establish life on solid and just bases.

The Journalists Union of Panama reaffirms its position in stating that it does not agree with the imposition of extreme measures. Therefore, the Journalists Union of Panama appeals and invites the government as well as the governed, the authorities as well as the professionals of the Social Communications Media to hold a positive dialog in which the community is protected as a result of the responsible attitude of both social forces, without the need for extreme confrontations which affect everyone.

Journalists Union of Panama. Saturday, 9 March 1980.

CSO: 3010

PANAMA

BRIEFS

YUGOSLAV REFRIGERATOR SHIP--Panama City, 7 Mar (ACAN-EFE)--The multinational Banana Marketing Corporation [Comunbana] has purchased a refrigerator ship from Yugoslavia for \$23 million, Comunbana General Manager Alfredo Orange announced. He added that the purchase will be financed by several Yugoslav and Latin American banks. [PA100424 Panama City ACAN in Spanish 2135 GMT 7 Mar 80 PA]

CSO: 3010

VENEZUELA

'CARLOS' REMAINS ELUSIVE ON HERRERA'S MIDEAST TRIP

Caracas ULTIMAS NOTICIAS in Spanish 12 Feb 80 p 37

[Article by special correspondent Coromoto Alvarez]

[Text] Riyadh, 11 Feb -- The search for the Venezuelan national, Carlos Ilich Ramirez, alias "the Jackal," in the Arab world has been unsuccessful during the travels of President Luis Herrera Campins through the OPEC nations.

It was originally believed that the legendary kidnapper of oil ministers in Vienna during the administration of former President Carlos Andres Perez would be very close to the route of the Viasa "Coloso" carrying the Venezuelan presidential party on board. At the time of the Vienna kidnapping, minister Valentin Hernandez was taken, while Carlos Andres Perez gave information to this reporter in the area when he was traveling from Caracas to Paraguachon to meet with the then President Alfonso Lopez Michelsen.

After 36 and a half hours of flight from Caracas to Las Palmas, Algeria, Libya, the Arab Emirates, Kuwait, Qatar, and Saudi Arabia, we tried in vain to interview our com-patriot who for some years has been identified with the cause of the Palestinian people, and has taken part in a number of terrorist actions.

Confidential sources told this special envoy of the Capriles Chain that Ramirez, if he were not in some Libyan training camp because of the Libya-Tunisia dispute, might be found in southern Lebanon where there have been new armed clashes reported with Israeli forces.

Carlos Ilich Ramirez has many "covers" in the Arab nations, where he is admired for his courage and valor, and also in Europe where there are leftist groups which move from one border to another, following the tactics and strategy of the underground movement.

The Saudi authorities are maintaining a strict protocol and severe security measures which have even prevented the work of the Venezuelan president's official photographers. These measures have been repeated in the other nations visited in order to prevent any attack by the extremist groups in which "the Jackal" is involved.

Still, we were told that Carlos Ilich Ramirez would probably not appear in the places visited by President Herrera Campins because of the risks he would run by placing his own safety in danger.

But the possibility that "the Jackal" might appear at the most unexpected moment is not being ignored by the authorities.

It seems obvious that from somewhere in this area in conflict Ramirez has followed closely the position taken by the Venezuelan chief of state on the Palestinian problem. But there are no traces of "the Jackal," even though it is known, from discussions we have had, that he is in full possession of his physical and mental faculties, and is surely waiting for the right time to launch one of his moves that shake up international opinion.

7679

CSO: 3010

CELLI DECLARES CANDIDACY IN AD SECRETARY GENERAL RACE

Caracas RESUMEN in Spanish 17 Feb 80 pp 15-16

[Article by JPB]

[Text] The announcement of Humberto Celli's candidacy for secretary general of Democratic Action [AD] brings to three the total of candidates for this office, which can be considered the stepping-stone to the party's presidential candidacy. Until now, Jaime Lusinchi and Arturo Hernandez Grisanti have been the only candidates for secretary general of the party. Celli's entrance into the race complicates the electoral situation somewhat; and it is yet to be seen whether, at the last minute, Alejandro Izaguirre, the current secretary general, will also decide to "enter the lists."

In our opinion, Humberto Celli's candidacy hurts that of Jaime Lusinchi who, as is known, is, according to the Datos poll, the favorite for the position. Celli is a moderate and the least committed to alliances at the "caudillo" level. From a practical viewpoint, Celli has said he is for the renovation of the party's cadres, which means that, though respecting the natural leaders of the party, he is not likely to become a vassal of any one of them. The cases of Hernandez Grisanti and Lusinchi are not the same.

It is a secret to no one that Arturo Hernandez Grisanti is being backed by Romulo Betancourt, though not unconditionally. Jaime Lusinchi, for his part, has been unable to erase the widely held impression that he is being backed by C. A. Perez, which is debatable, of course. Celli, on the other hand, looms like another island in the Adeco Archipelago; and in this case, being an island is better than being, as Hernandez Grisanti and Lusinchi seem to be, a peninsula. In principle, from this viewpoint, everything seems to indicate that Celli's candidacy should most hurt that of Jaime.

Another factor that must be taken into account is, as we have said, the question of whether Alejandro Izaguirre will decide to seek reelection. Some interesting things have occurred regarding Izaguirre. He is not displeasing in Betancourt's eyes--nor, for that matter, in those of Perez, Gonzalo Barrios or Luis Pinerua. Should an understanding, at least to all

appearances, take place within the AD--which we very much doubt--between Betancourt and C. A. Perez so as to avoid an eventual party split, it is not hard to imagine Lusinchi as well as Hernandez Grisanti and Celli being sacrificed for the sake of unity, and "policeman" Izaguirre suddenly appearing at the starting-gate for the race. So far, only three competitors have entered the sweepstakes, but the notion cannot be discarded that as the zero hour approaches, Alejandro Izaguirre may end up continuing as the party's secretary general without even having entered the race--simply as the result of a last-minute withdrawal by the three competitors listed on the "official program."

9238

CSO: 3010

AGRARIAN REFORM CALLED FRAUD, LATIFUNDIOS CONTINUE

Caracas RESUMEN in Spanish 17 Feb 80 p 22

[Article by Teodoro Petkoff]

[Text] Twenty years ago, at Campo de Carabobo--to engrave in our memories another "Second Independence"--Romulo Betancourt promulgated the Agrarian Reform Law. Responding to the impatience of some and the enthusiasm of others, the architects of the reform stated that within 15 years latifundios would disappear in Venezuela and 450,000 peasant families would be converted into owners of the land they were working and integrated into the modern economic production cycle.

Twenty years later, the agrarian reform program has become a monument to ineptness, maladministration and empty promises. The 17 million hectares of cultivable land in the hands of 5,000 latifundio owners continue virtually untouched. The latifundio property structure has not been changed. The central objective of the program--comprising as it did not only a redistribution of land but also the wiping out of a production relationship characterized by its antiquation--has not been accomplished. The vast majority of the lands distributed belonged to the state, and it is on these public lands that the government has settled, according to the figures of the IAN [National Agrarian Institute] itself, some 100,000 peasant families, or less than one-fourth the number of families that in 15 years were to be working their own lands. To make matters worse, 26,000 of these families have abandoned the parcels they received, for reasons that range from the poor quality of the lands to the lack of credits or technical aid.

As for the rest of the story, the IAN's statistics attest eloquently that the concept of integrated action with regard to the peasant world has been consigned to the desk drawers of the bureaucracy. The traditional banes of the Venezuelan hinterland, from the lack of services to illiteracy, have hardly been changed, if at all, and the peasant remains the pariah he has always been.

Demagogy has thus been the faithful consort of the agrarian reform program. And, not to be outdone by its predecessors, the Herrera Campins government is producing its own agrarian show. All of the publicity media are giving wide coverage to the ceremonial presentations of property titles by the president, but the coverage is being slanted to create the impression that the president is distributing lands, new lands, and thus advancing the agrarian reform. The fact of the matter is that the president is only now, if at all, delivering to the peasants the titles to the parcels they actually received in years past. There is nothing wrong in finally delivering these titles. In fact, one of the many negative aspects of the manner in which the agrarian reform has been conducted in the past has been precisely this enormous delay by the IAN in turning over the deeds to the properties.

But when this mere bureaucratic proceeding--which certainly does not justify taking up the the president's time to carry it out--is passed off on us as "new" distributions of lands, the government, from the president of the republic down, is, as usual, taking us Venezuelans for fools.

At the same time, however, this fraud--which indeed is all the agrarian reform has ever been, as no less a personage than President Perez himself said when his turn came to cloak with new lies, in words, the very fraud he did so little to rectify during his 5-year term--reveals to what low levels the Venezuelan governments have sunk. No matter now whether things are done or not done. The important thing is that they should seem to be being done. Advertising techniques in the political campaigns have invaded the domain of the art of governing. And the candidate, who by virtue of television plugs and jingles is transformed into another Pico della Mirandola, a wise man in all matters, a savant in all sciences, and a magical fixer of all things, soon becomes, through the magic of these techniques, the ruler who fakes accomplishments.

The anniversary of the agrarian reform also lends itself to reflection on the limitations of reformism; that is, on the limitations of social democratic and social Christian concepts. On the one hand, the slowness of the process has served as a context in which changes have been taking place in the hinterland, brought on by the capitalistic evolution of the country in general and of agriculture in particular. These changes should have given rise to some substantial revisions in the basic assumptions of the agrarian reform, to bring it into proper alinement with the new realities--revisions that were not undertaken, however, by those responsible for making them. Thus, the Venezuelan state, having let die through lack of nourishment the agrarian reform Venezuela needed 20 years ago, is not prepared for the agrarian reform Venezuela needs today to meet the new realities of the hinterland and the country.

On the other hand, the agrarian fraud points up the dilemma in which reformism is debated. Carrying out reforms means affecting interests. In the case of land reform, the interests of 3 million and some peasants are opposed by those of 5,000 latifundio owners. To satisfy those of the former, those of the latter must be subverted--except that those of the latter are interleaved with those of the country's socioeconomic power, and touching them means having to do with the governing classes. This generally represents a threshold which reformism--caught between the horns of the dilemma of knowing what needs to be done but not daring to for fear of rocking the boat--hesitates to cross.

9238

CSO: 3010

VENEZUELA

EXPERT CRITICIZES FORMULATION OF OIL POLICY

Caracas EL UNIVERSAL in Spanish 15 Feb 80 p 1-29

[Text] Dr Alvaro Silva Calderon, an oil expert of the MEP [People's Electoral Movement] and author of the Petroleum Reversion Bill that his party submitted for the consideration of the National Congress when the issue was being debated, during a trip to Ecuador to attend an international congress on energy problems along with Dr Luis Beltran Prieto Figueroa and representatives of other Venezuelan political organizations, made some important statements on the hydrocarbons policy that is being formulated in our country.

Dr Silva Calderon maintains that Venezuela's petroleum is of the highest political importance, that it requires the participation and effort of all our national sectors. Therefore, it is advisable for the government to ~~correct~~ its old practice of handling oil matters in an exclusive manner in tiny official or business groups, under the pretext of confidentiality. Carried to an extreme, that only leads to suspicion. The government should inform and solicit the opinion of organized political bodies, and of labor, professional, and scientific sectors, etc., in order to formulate policies that will have the broadest possible support. The government's actions in this area should not be limited to the encouragement of mere formal participation on matters that have already been settled, which most often are fragmentary in nature. That way of acting, in addition to being contrary to the national interests, is also clearly contrary to the law. There are advisory organizations created by legal instruments in order to obtain the participation of broad national sectors, which are not operating as the legal instruments regulating them provide. That is the case of the National Energy Council which, according to Decree no 1462, should meet ordinarily

4 times a year, in January, April, July, and October, but which has not been convened and has not met since May 1977. Among its functions, this council has the following: "To learn of plans and projects on energy exploration, exploitation, production, transformation, transport, and consumption formulated by the National Executive and to recommend to the National Executive, through the ministry of energy and mines, the steps needed which are in the public interest for the control, conservation, use, sale and development of energy." And secondly, "To issue its opinion on energy policy proposals formulated by the National Executive in the national plan."

Our country is living through a period of uncertainty and confusion on petroleum matters. Our reserves are diminishing day by day, but exploration is not compensating for the amounts of petroleum being produced. And to make matters worse, our production is at the maximum limits of our potential. It is officially stated that we are producing 98 percent of our potential, but still there is no satisfactory explanation about why we are continuing to extract petroleum over and above the goal of 2,200,000 barrels a day, which was set by the government. The 1979 average was 2,356,362 barrels a day, and the average in January 1980 was 2,280,681 barrels a day. And this is true despite the recent price increases, which should make it advisable to decrease our production below the goal of 2,200,000 barrels a day. For this figure, used to calculate oil revenue for the national budget, was based on the old oil prices. If we continue to produce at the current rates, the generally accepted technical norms for production and potential will continue to be violated; we will be extracting quantities of petroleum which, if kept in the oilfields, will increase in value in the future; we will generate surplus fiscal revenue beyond what was projected, which will be hard for the national economy to assimilate, and which will worsen the economic distortion we are now suffering.

The world is experiencing instability in hydrocarbon prices. It is inevitable that prices will continue climbing until they reach the levels required by the importance and the scarcity of hydrocarbons. The developed economies themselves are putting pressure on oil prices with their demands on the spot market. These increases are not the result of agreements by the OPEC producers, who have been fairly moderate in their latest meetings. No agreement was reached at the December meeting in Caracas, and the prices set by the OPEC members individually are much lower than the spot market prices.

As far as Venezuela is concerned, prices are set according to the traditional method of adopting a value for a sample crude, which is then used as a reference for adjustments depending on the greater or lesser gravity of the crudes.

It has been alleged that Venezuela sells its crude more cheaply than the other OPEC countries. To that charge, we answer that we have a range of petroleums of varying densities, and that the average determines the value of our production, but we can't claim that this should be sold for the price of the sample crude. Still, it does seem of use to mention that the Venezuelan medium-weight petroleums, which are considered less valuable than light petroleums, are more flexible in meeting the standard of product demand in the world market, and that in general the light petroleums of the Middle East are paraffinic and for that reason are not suitable for producing kerosene to be used as jet aircraft fuel, for which the demand is growing. The high point of freezing of these petroleums makes their products inclined to solidify and to form crystals of paraffin, posing dangers for aviation. Furthermore, the Arab petroleum produces low octane naphthas and has a greater sulfur content than the Venezuelan crudes of the same density. Therefore, the quality and demand for a crude are not determined solely by its API [American Petroleum Institute] gravity rating, and our petroleums, considering the products obtained from them, offer advantages over other petroleums that should be reflected in their prices. It is important for Venezuela to control the final destination of its crudes, not just to monitor speculative operations in the spot market, but also to learn the purpose for which they are to be used and to be able to negotiate prices based on the final results expected of them. Naturally, the best remedy for obtaining a better use of the quality of our crudes is to have them used in Venezuela, not just for the traditional fuel products and lubricants, but also as raw materials for special products.

Our nation has begun a process of nationalization that must be completed.

The technology and marketing contracts are links that still bind us to the old concessionary system of exploitation. These contracts, we recognize, must be limited.

The marketing agreements promise most of our petroleum production (about 80 percent) to the former concession-holders. Thus our national enterprises have very little

possibility of diversifying our markets, as is mandated by the Nationalization Law. These contracts also have other problems which have already been criticized publicly; this situation demands that the National Congress become involved in the matter to complete our petroleum nationalization.

In summary, the levels of our national petroleum production, the setting of hydrocarbon prices, the additional fiscal revenues, and the technology and marketing contracts are matters that should be submitted for the consideration of the National Energy Council of our National Congress.

7679

CSO: 3010

VENEZUELA

BRIEFS

PDVSA 1980 INVESTMENT--Caracas, 13 Feb -- The national petroleum sector will invest 76.180 billion bolivars over the next 10 years, said Humberto Penaloza, the director of PDVSA [Venezuelan Petroleum Corporation]. Penaloza said, during the ceremony held in his honor by the Chamber of Suppliers of Petroleum Goods and Services, that "in order to move ahead toward the goals we have set for this period, we must stimulate the private sectors which can strongly support petroleum activity." He emphasized that the Venezuelan private sector can be expanded in the petroleum industry in the field of the manufacture of machinery and equipment, and in special technical services. "In the last 4 years the Venezuelan petroleum industry has quintupled its purchases of goods and services of national origin," he said. The PDVSA director added that "this situation should act as an incentive to private businessmen to invest solidly in production plants for items needed by the petroleum industry. Concerning the foreign sector, our economy is doubly vulnerable, since practically everything we produce is for export, and everything needed for production is imported," he pointed out. Penaloza indicated that PDVSA gives priority to national sources and equipment so it can obtain products of Venezuelan origin which meet the quality standards that the petroleum industry needs. [Text] [Caracas EL UNIVERSAL in Spanish 15 Feb 80 p 2-3]

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UPGRADING HEAVY CRUDE- Yesterday a symposium began at the USB [Simon Bolivar University] on "Lasers and Their Applications," a scientific meeting that will conclude today, in which noted Venezuelan and foreign scientists will take part. Yesterday's conference was given by Dr Maurice Francon of the University of Paris, who was specially invited by the USB. He spoke on recent research in optical image processing. This is the use of the laser beam for computing; it records data in three dimensions, and is called "homology" [holo-

graphy?], or three-dimensional photography. The symposium coordinator is Dr and Professor German Da Costa, who will speak on thermocapillary phenomena in heavy petroleums irradiated with laser beams. The USB has irradiated heavy petroleums from the Orinoco oil belt with laser beams, using a device the USB has had for some time. This is the first time that research of this type is being done in Venezuela, and it is made possible by the USB's acquisition of a very high power anhydrous carbon device. In this way the USB has been able to demonstrate that heavy petroleums may be converted into light petroleums so that they may be more readily marketed. This research was financed by FONINVES [National Investment Fund]. [Text] [Caracas EL UNIVERSAL in Spanish 15 Feb 80 p 2-5] 7679

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